

CITY COUNCIL  
CITY OF NEW YORK

----- X

TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON COMMUNITY DEVELOPMENT  
JOINTLY WITH COMMITTEE ON ECONOMIC DEVELOPMENT

----- X

April 14, 2015  
Start: 1:06 p.m.  
Recess: 5:10 p.m.

HELD AT: Milton G. Bassin  
Performing Arts Center York College  
94 - 20 Guy R. Brewer Blvd.  
Jamaica, NY 11451

B E F O R E: MARIA DEL CARMEN ARROYO  
Chairperson  
DANIEL R. GARODNICK  
Co-Chairperson

COUNCIL MEMBERS:

Annabel Palma  
Elizabeth S. Crowley  
Andy L. King  
Vanessa L. Gibson  
Alan N. Maisel  
Helen K. Rosenthal  
Vincent J. Gentile  
Julissa Ferreras  
Karen Koslowitz  
Mark S. Weprin  
Ruben Wills

COUNCIL MEMBERS:

Donovan J. Richards

Inez D. Barron

I. Daneek Miller

## A P P E A R A N C E S (CONTINUED)

Jordan Press  
Director  
Legislative Affairs and Federal Policy  
NYC Department of Housing Preservation  
and Development

Christie Peale  
Executive Director  
Center of NYC Neighborhoods

Ismene Speliotis  
Executive Director  
Mutual Housing Association of New York

Jaime Weisberg  
Senior Campaign Analyst  
Association for Neighborhood and Housing  
Development

Rose Marie Cantanno  
Supervising Attorney  
Foreclosure Prevention Project  
New York Legal Assistance Group

Robert Tilley  
Counselor  
Neighborhood Housing Services of Jamaica

Oda Friedheim  
Supervising Attorney  
Foreclosure Prevention Unit  
The Legal Aid Society

## A P P E A R A N C E S (CONTINUED)

Brittany Nunez Saraco  
Queens Legal Services

Linda Jun  
Staff Attorney  
MFY Legal Services

David Bryan  
Brooklyn Legal Services Corporation A

Ali Sadiq  
Homeowner

Unknown Male  
Homeowner

Arlene Phipps  
Homeowner

Jayce Nicholas Clement  
Real Estate Investor

Jean Sassine  
Chair  
NY Communities for Change, Queens  
Queens Village Homeowner

Prince Hunt  
Genesis 1 Construction

## A P P E A R A N C E S (CONTINUED)

Eve Weissman  
Staff Attorney  
Homeowner Defense Project  
Staten Island Legal Services

Glen Greenwich  
Community Board 12  
Farmers Boulevard CDC

COMMITTEE ON COMMUNITY DEVELOPMENT JOINTLY WITH  
COMMITTEE ON ECONOMIC DEVELOPMENT

6

[background comments]

SERGEANT AT ARMS: Silence all electronic devices at this time. Please do not approach the bailiffs; if you have any questions, please raise your hand and one of the sergeant at arms will come and help you. If you are planning on testifying, please fill out a witness slip at the front table. And could we have quiet, please? Thank you.

[gavel]

CO-CHAIRPERSON GARODNICK: Good afternoon and welcome to a hearing of the New York City Council; we are pleased to take the show on the road here and we're glad to be here at York College.

My name is Dan Garodnick and I have the privilege of sharing the Council's Economic Development Committee. Today's date is Tuesday, April 14, 2015; this is a joint hearing, as I noted, and I have the privilege of chairing this hearing today with fellow Council Member Maria del Carmen Arroyo, who chairs the Community Development Committee.

I also want to acknowledge the presence of our colleague, Council Member Daneek Miller, who proudly represents the people of District 27, and I

also want to note that we have our former colleague, who is now a State Senator, Leroy Comrie, who's joined us; it's always good to see him, and Council Member Donovan Richards, right at the buzzer; we're glad that he is here with us too.

We want to extend sincere thanks to your college on behalf of both of our committees for hosting us in this auditorium.

Today's hearing will provide us with an opportunity to investigate the economic impact of the City's ongoing foreclosure crisis and it is an ongoing crisis. We will consider the measures that local, state and federal agencies are taking to prevent foreclosures and actions that we as a council can consider to speed up the recovery process.

The current foreclosure crisis began in 2007 when housing values sharply declined and thousands of homeowners defaulted on their loans. The global economic recession that followed exacerbated the rate of foreclosures when millions of people across the country lost their jobs and the ability to pay their mortgages. It is estimated that between 2007 and 2012 over four million U.S. homeowners lost their homes to mortgage foreclosures.

New York City was not spared from the effects of the crisis; as of December 2014, just a few months ago, this city had the second highest number of foreclosures in the country. Foreclosure filings in New York City increased 30 percent to 15,993 in 2013, a three-year high, according to RealtyTrac. Since 2007 there have been approximately 85,000 properties that have filed for foreclosure or have been abandoned in the city, which has led to an estimated \$1.8 billion in lost property taxes and expenses.

We're holding this hearing in District 27 because the neighborhoods in this district and neighboring areas, like St. Albans, Cambria Heights, South Ozone Park and Rosedale, were some of the hardest hit not just in the city, but in the nation. As of February 2015, approximately 1 in every 549 homes in Zip Code 11433, this Zip Code, is in some stage of foreclosure. What does this mean? For homeowners a foreclosure may mean losing their home, it may also result in a major hit on their credit score; these individuals will have a very difficult time opening credit cards, obtaining loans, taking out future mortgages or engaging in other financial tasks for many years. These are real impacts on real



New Yorkers and we are going to hear from many of  
them today.

For neighborhoods, foreclosed or  
abandoned homes can have severe negative impacts upon  
property values; when a home is abandoned or sits in  
pre-foreclosure, it is often not maintained and is  
permitted to fall into disrepair; these are known as  
zombie foreclosures. Zombie foreclosures are most  
definitely scary; zombie foreclosures have gone up 54  
percent in New York State in the prior year. We will  
consider the various approaches the City and State  
have taken to address this problem and explore  
solutions.

So I wanna thank our colleagues for being  
here today to help us shine light on this very, very  
important issue and with that I will turn over the  
floor to my fellow co-chair, Chair Arroyo. Thank  
you.

CHAIRPERSON ARROYO: Thank you, Mr. Co-  
Chair and thank you for joining the Committee on  
Community Development with Economic Development to  
have this conversation.

My name is Maria del Carmen Arroyo and I  
chair the Committee on Community Development. I

COMMITTEE ON COMMUNITY DEVELOPMENT JOINTLY WITH  
COMMITTEE ON ECONOMIC DEVELOPMENT

10

wanna say a special thank you to the conscientious,  
hard-working Council Member Daneek Miller, who  
represents this community in the Council and for  
hosting for us for this hearing today and to your  
college for allowing us to use this facility for this  
very important conversation.

Council Member Garodnick has stated the  
facts all too well and what we are here today to  
examine are the opportunities that we can leave here  
with or identify the opportunities that we can engage  
in to address the issue that is affecting communities  
like this one across our city and nationally, but our  
focus here is to improve the opportunities for our  
communities that have been so severely affected by  
the foreclosure activity here in the city and zombies  
are very scary, and I think what's most scary about  
the zombie foreclosures is the impact that they have  
on the local community, where in a home that is not  
occupied and doesn't have a conscientious entity  
responsible for maintaining it, the impact that it  
has on the local level is very severe, something as  
simple as snow removal creates a very serious hazard,  
health and otherwise in our communities.

We are very excited to be here; sorry that we have to be here to engage in this conversation, but I look forward to opening up some conversations and identify opportunities for us to ensure that the millions of dollars that are available are being put to very good use and change the impact that this foreclosure crisis is having on our neighborhoods in the city.

I also welcome the committee members, thank you for joining us and for coming on the road with us; these off-site hearings are not easy to navigate for members who have other things on their calendar, so I appreciate that.

I wanna say a special thank you to our Committee staff who have worked so hard to prepare us for this hearing and they are Alex Paulenoff, who is counsel to the Committee, to both committees, actually; my Policy Analyst, Jose Conde, to my right, and Jessica Ackerman, our Fiscal Analyst, who is also here with us. Thank you guys for the hard work and preparing us for this hearing. Chairman Garodnick.

CO-CHAIRPERSON GARODNICK: Thank you very much. And we're not gonna hear from two of our local representatives and two great advocates for their

COMMITTEE ON COMMUNITY DEVELOPMENT JOINTLY WITH  
COMMITTEE ON ECONOMIC DEVELOPMENT

12

communities, and first, the local Council Member and we're really pleased that he's here and he is doing a great job for this community, Daneek Miller.

COUNCIL MEMBER MILLER: Thank you council Member.

I first wanna thank my colleagues, Chair Dan Garodnick and Chair Arroyo for hosting this very important oversight hearing; additionally, my deepest gratitude for my colleague here, Council Member Richards, for really coming to me and bringing this idea and helping it to come to fruition, along with Council Member Wills, who unfortunately had a death in the family and could not be here, for actually requesting this and doing their due diligence and we thank you for doing this.

This is timely and relevant to the moment to address the crisis that continues to overwhelm our city and communities throughout the five boroughs. The figures speak for themselves and we shall be hearing from the agencies and not-for-profit organizations that are on the front line of combating the foreclosure and underwater mortgage crisis that is tearing our communities and our city apart and impacting the lives of so many residents.

We will seek solutions from what we learn today and we will seek remedies, efforts to stop the scams that are preying on homeowners by unconscionable predators. Today's briefing papers describe what can happen to communities when pre-foreclosure properties are abandoned by owners and banks; the papers also offer certain resolutions which will be explored here today. One thing that has become evident is that when property owners that are threatened by foreclosure are armed with the proper counsel, they are far more likely to find their way out of foreclosure; in fact, almost two times as likely to find their way out of foreclosure.

So with that I'd like to thank some of our partners that we have worked with over the past years that are in the room today that have helped members of this community with such counseling. And as for today's hearing, I look forward to an education, investigation on a variety of possible solutions and prescriptions to help remedy the city's foreclosure crisis. Again, I thank my colleagues for bringing this to the 27th District; unfortunately this has to be here; it's a conversation that needs to be had in this community and throughout the city

COMMITTEE ON COMMUNITY DEVELOPMENT JOINTLY WITH  
COMMITTEE ON ECONOMIC DEVELOPMENT

14

and I'm so grateful that we have the opportunity to  
do that today. Thank you.

CO-CHAIRPERSON GARODNICK: Thank you very  
much, Council Member Miller. And now we turn to  
another strong representative for Southeast Queens,  
Council Member Donovan Richards.

COUNCIL MEMBER RICHARDS: Thank you,  
Chairman Garodnick and Council Member Arroyo; two  
people who I certainly have such a deep gratitude and  
respect for in the Council and am certainly thankful  
that you guys, you know, really are leading on this  
issue in terms of bringing this particular issue to  
the forefront in our particular district, and  
obviously my partner in crime, Council Member Miller  
-- not literally crime -- but [laughter] but partner  
in crime in terms of try to clean up some of the ills  
we obviously have had in this community for a long  
time and I don't think it's any secret, if you just  
walk a few blocks from this particular facility  
you're gonna see these particular zombie properties  
that we are talking about here today, so it's very  
real in this community. You know, one of the things  
we certainly got to hear a lot about in our  
communities recently is you see people are losing

their homes, so it's becoming a public safety issue now in particular in communities like mine of Laurelton and Rosedale and Springfield Gardens and the Rockaways where we now have families or people moving into these homes because they're vacant, [background comments] which is causing a public safety nuisance in particular in communities in Southern Queens, and then the other thing is obviously when banks in particular, and I do wanna call them out, because most of the time when we get these quality of life issues of vacant homes where dumping is going on, it's because the banks -- obviously people have foreclosed on the homes, but there's very little maintenance around these particular properties, so it's forced members of the Council like Daneek and myself to have to fund organizations like the Wildcat organization, to come into our communities to clean up properties that the banks should be cleaning up and it's like pulling teeth to try to get them to do these things. But we don't find ourselves here by accident and when you look at the lines in particular of where predatory lending has taken place, it has historically taken place in communities of color and there's no way to

beat around the bush on this issue -- Southern Queens are predominantly African-American, Caribbean community -- is the worse affected in the city and quite frankly in the nation around this issue, as Council Member Garodnick has put it. So there's still a lot more work to do and we're hoping that the banks aren't gonna return back to those bad habits of lending to people who cannot afford to stay in their homes, in particular in communities of color.

And then I just wanna close by saying that... you know, I wanna thank some of our partners who've been with us, as Council Member Miller said, on this issue and recently I was appointed by the Speaker to sit on the Center for New York City Neighborhoods Board and they've been doing a lot of outreach in particular in my district recently and I'm very thankful to their work and I don't know if Margert Community Corporation is here, Rockaway Development, Revitalization Corporation, I know NHS of Jamaica has certainly been doing a lot of work in the districts. We are not going to solve this issue overnight, but I think that hearings like this coming up with goal-oriented solutions will help us to educate our homeowners in the district in particular



1 who are also affected by the water rate, but that's  
2 another story for another day; we will have that  
3 conversation on another day, but all of these things  
4 accumulate and they add to what we're seeing in our  
5 communities, blight and other things and I wanna  
6 thank the Center once again, we just launched a tax  
7 lien online program where people all over the city  
8 can now go online, and I'm sure they'll speak on it,  
9 to see where tax liens -- if they have tax liens on  
10 their property. So I wanna thank the leadership once  
11 again, thank you for bringing City Hall to Southeast  
12 Queens; I think this is the first time in history  
13 that this has been done, so this is a historic moment  
14 -- reporters, put that down -- and I wanna thank  
15 everybody for coming. Thank you.

17 [applause]

18 CO-CHAIRPERSON GARODNICK: Thank you very  
19 much, Council Member Richards and we're happy to  
20 bring City Hall here and we're here to find creative  
21 solutions to these very difficult problems, so we  
22 appreciate what you said.

23 I wanna note that we've been joined by  
24 Council Member Mark Weprin, also from Queens and I  
25 think with that we're ready to get started with our

testimony and the first witness that we have today is  
Jordan Press, who is representing the City's  
Department of Housing Preservation and Development.  
Mr. Press, as soon as you are ready, please proceed.

JORDAN PRESS: Thank you and good  
afternoon, Chairman Garodnick, Chairwoman Arroyo,  
Council Members Weprin, Richards and Miller, thank  
you for having me. My name is Jordan Press; I'm the  
Director of Legislative Affairs and Federal Policy  
with the New York City Department of Housing  
Preservation and Development (HPD). I'm here today  
to discuss HPD's efforts to stabilize neighborhoods  
in the wake of the foreclosure crisis.

I'd be remiss to not behind this  
testimony by reiterating both the Mayor and HPD's  
commitment to the creation and preservation of  
affordable housing, consistent with Housing New York  
Plan that was released last year. We're not just  
producing affordable housing at record rates, but  
we're building diverse and thriving neighborhoods.  
To that end, HPD is partnering with its sister  
agencies to ensure that we have a productive dialogue  
with local residents, owners, businesses, community  
groups, advocates and local institutions about their

needs and hopes and about opportunities to provide new affordable housing, preserve affordability and prevent displacement and improve access to jobs and training, economic development, parks and open space, schools and day care, retail and local services.

As early as 2005 HPD began to see the effects of predatory lending on residents of neighborhoods across the city; HPD responded by creating a program to make grants to community-based nonprofits for the purposes of aiding homeowners who were overly burdened by their mortgages. In 2007 HPD recognized that addressing the foreclosure crisis in New York City was going to require a sustained effort and level of focus that had to expand behind the Department. In order to be nimble in addressing the changing dynamics of foreclosures in New York City, HPD helped to create the Center for New York City Neighborhoods, or as we creatively call them, the Center. Launched in December 2007, the Center is a joint initiative of the Council, HPD, as well as philanthropic and other nonprofit partners and provides direct services through a network of high-quality, nonprofit and local community-based organizations as an integral component of this model.

The Center advocates on foreclosure and other homeownership issues, engages the philanthropic community and leverages large-scale grants to address the foreclosure crisis and assist struggling homeowners in a way that would not have been possible for a government entity alone.

The Center has been key in helping HPD assess the state of the foreclosure crisis; the Center's connection to community-based nonprofits and its unique focus on homeownership issues makes it well-positioned to provide timely and constructive policy recommendations to HPD. The Center has established standard practices for homeownership counseling and procedures and serves as a centralized hub for community-based activities to alleviate the effects of foreclosure on communities and support homeowners in New York City.

Pursuant to its bylaws, both HPD's commissioner, as well as a designee of the City Council Speaker, our ex officio board members and as he noted, Council Member Richards serves in this capacity on behalf of the Council. We're grateful for the collaborative effort with the Council to support the Center's mission and are pleased the

Center is here today to share its own expertise and experience with this issue. We thank the Council for its continued support of the Center's mission.

In addition to actively participating on its board and monitoring the Center's work and accomplishments, we also collaborate directly with the Center. For example, through the Mortgage Assistance Program (MAP), which was launched in 2010, HPD and the Center provide no-interest loans of approximately \$25,000 and later up to \$40,000 to financially stable homeowners who are under the threat of foreclosure. Many of these homeowners needed assistance with keeping current with their mortgage and could use the loan funds to pay for mortgage arrears, down payments for loan modifications, payments of second mortgages and related bank fees. As of August 2014, the intake for the MAP program, as it is administered by HPD, closed and in the end MAP was able to loan approximately \$5 million, aiding more than 230 homeowners. I'm glad to say that the program now continues under the Center's leadership, utilizing State money from the bank settlement.

Turning to other foreclosure-related activities that HPD is engaged in, the Department was a direct recipient of three rounds of HUD Neighborhood Stabilization Program grant funds, or NSP, and a subrecipient of two rounds of NSP funds allocated to New York, altogether totaling \$57 million. We used these funds to intervene in both the 1- to 4-family and multi-family recovery efforts in foreclosure-affected communities.

One of the most significant activities funded by this program created a partnership with a well-established and experienced nonprofit organization here in the City, Neighborhood Restore, to provide homeownership opportunities in the midst of the foreclosure crisis. Neighborhood Restore used NSP funds granted by HPD and leveraged private funds to acquire and rehabilitate foreclosed properties with their eventual sale to income-eligible buyers. The result was 100 rehabilitated homes sold to New York City residents, strengthening communities across the city and creating new opportunities for homeownership.

HPD also used NSP funds to finance the development of new units and the preservation of

existing units of affordable housing in neighborhoods with the highest rates of foreclosure at the time grant allocations were announced by the federal government. The produced units are affordable, pursuant to regulatory agreements with HPD, requiring long-term affordability. HPD was able to rehabilitate and/or produce more than 450 units of affordable housing using these NSP funds.

Through implementation of the Mayor's Housing New York Plan, HPD has been focusing on ways to support single-family and small building owners in an effort to address conditions that can lead to foreclosure; by connecting with homeowners early, HPD hopes not only to preserve opportunities for homeownership, but also sustain the availability of affordable rental housing that is often available in 1- to 4-unit buildings.

Because the cost of maintaining a home can drive financial burdens and lead to delinquencies -- I think the Chairwoman mentioned the choice of plowing for snow -- HPD works with community-based nonprofits to provide much-needed loan products for home improvements. HPD administers the Home Improvement Program (HIP) that has helped more than

5,000 homeowners since inception, with no-interest loans from the City, coupled with a conventional bank loan at the bank's current interest rate, albeit with a lower principal loan amount than the borrower would have received without the City loan. Astoria Bank and Brooklyn Federal Credit Union have been HPD's long-term partners for this program.

In conjunction with Neighborhood Housing Services of New York City, the Neighborhood Housing Services revolving loan fund has provided below-market interest rate loans for 1- to 4-unit buildings to low- and moderate-income homeowners for almost 30 years and has financed the improvement of approximately 3,000 units.

Additionally, the Senior Citizen Home Assistance Program (SCHAP), administered by the Parodneck Foundation, provides deferred repair loans of up to \$40,000 to homeowners at least 60 years of age and whose household incomes do not exceed 120 percent of area median income; more 680 shop loans have closed since the beginning of this program in the late 1990s.

Another HPD endeavor is Owners' Nights, with the most recent one occurring in East New York,



Brooklyn last month; Owners' Nights bring together HPD and other City agencies, as well as community organizations such as the Center, with experience in helping distressed homeowners to discuss relevant services, including financing products. At these events owners can communicate directly with agencies, learn more about City-sponsored support programs and request follow-up communications regarding any specific issues. The next Owners' Night, I'm happy to say, will be on May 18th, right here in Jamaica, at the Jamaica Library.

Finally, HPD administers approximately 144 contracts with over 60 community-based organizations through the allocations made by the City Council. Many of these organizations are providing foreclose-related services to help homeowners with everything from foreclosure counseling and intervention to mediation and legal services.

The City believes that the foreclosure crisis must be combated at the neighborhood level, which is integral to this effort, is the maintenance of New York City neighborhoods. Abandoned properties are a blighting influence and lead to the decline of

neighborhoods; these properties also place a burden on local government, which must find ways to secure them in order to protect the public safety. The maintenance of these homes also encourages the preservation of the City's affordable housing stock, which is vital to HPD's current efforts to expand housing opportunities throughout the city.

Thank you for the opportunity to testify; I'm happy to take any questions.

CO-CHAIRPERSON GARODNICK: Thank you very much, Mr. Press. And let me note that we also are joined by Assembly Member Scarborough in the audience; we appreciate your being here today and for your advocacy.

We have lots of questions and we will pose those to you, if that's the order that is okay.. [interpose]

JORDAN PRESS: I think... I think that... [crosstalk]

CO-CHAIRPERSON GARODNICK: Good.

JORDAN PRESS: that works fine.

CO-CHAIRPERSON GARODNICK: Alright. So let me go right... let me jump right into it, and I'm gonna turn to my colleagues, 'cause I will be here

for as long as it takes tonight, but also I certainly  
wanna make sure that they get their questions in.

The collaboration that we have with The  
Center for New York City Neighborhoods is obviously  
an important one, [background comment] and you cited  
in your testimony the example of a variety of  
programs that the City has employed to be able to  
help homeowners who are in distress; you cited the  
MAP program, you cited the program which involves  
loans to homeowners for rehabilitation; you even  
noted the partnership with Neighborhood Restore,  
which had the opportunity to rehab and buy back, you  
know, homes and then sell them back to people who  
qualified; what is not clear to me is how many people  
have been helped by these programs and the numbers  
that you cited in your testimony of 230 borrowers  
through MAP and you know, 100 through [background  
comment] rehabilitated homes sold through  
Neighborhood Restore and -- those are the ones where  
you're really talking about people or houses in  
crisis -- seem to be a spit in the bucket when we're  
talking about, you know, 29,000 1- to 4-family homes  
that have defaulted in New York even just in the last  
two years...

JORDAN PRESS: Right.

CO-CHAIRPERSON GARODNICK: can you  
address that?

JORDAN PRESS: You are completely  
correct, which goes back to the work that we have  
with the Center, which is designed to create that  
spread and breadth of assistance to the thousands of  
homeowners, not the hundreds of homeowners that we've  
been able to assist with limited City and Federal  
funds, but through the Center's resources in-house  
and with their partners, they've been the ones who've  
been able to really go out into the community and  
help homeowners in a much broader way and much closer  
to scale with the kinds of services they need,  
whether that's financial counseling, legal assistance  
and so forth.

CO-CHAIRPERSON GARODNICK: Okay. So you  
are making a distinction between those numbers that I  
just described to you as being HPD-directed  
activities versus everything else that we're gonna  
hear from the Center about; is that correct?

JORDAN PRESS: I am, but I think that  
it's... it's critical to note that the Center was not  
just an organization that was out there in the

community and HPD said, you know, this is too big of a job for us; let's turn to a partner. The Center was created specifically by HPD, along with the Council, specifically for this purpose to get to scale of the problem.

CO-CHAIRPERSON GARODNICK: Oh I got it; I really... my question goes to [background comment] just a simple one about numbers, which is, if you cited \$5 million to 230 borrowers through MAP...

JORDAN PRESS: Right.

CO-CHAIRPERSON GARODNICK: what you're saying is, that's not the sum total of loans that have been done through MAP; those are the... [crosstalk]

JORDAN PRESS: Correct.

CO-CHAIRPERSON GARODNICK: total number of loans that HPD has done through MAP?

JORDAN PRESS: Correct.

CO-CHAIRPERSON GARODNICK: Okay. And that there's a larger number that we're gonna hear from the Center... [crosstalk]

JORDAN PRESS: That's added [sic].

CO-CHAIRPERSON GARODNICK: that have been done through that same program?

JORDAN PRESS: That's correct.

CO-CHAIRPERSON GARODNICK: Okay; got it.

Okay. Let's talk about what's going on here in  
Southeast Queens...

JORDAN PRESS: Okay.

CO-CHAIRPERSON GARODNICK: because you  
know despite an overall decrease in foreclosures that  
we've seen citywide, the Southeast Queens foreclosure  
rates are still pretty high and as I noted in my  
opening, Southeast Queens comprised nearly one-third  
of the almost 29,000 1- to 4-family homes that  
defaulted between April of 2013 and March of 2015; as  
somebody who has studied this issue and works on this  
issue on a daily basis, help us understand why the  
problem is so concentrated in this area and what  
specific programs are being addressed to Southeast  
Queens that may be different from what is being  
employed in other parts of the city.

JORDAN PRESS: This question would really  
be better directed, I think, to the Center, who we  
rely on for that kinda on-the-ground, neighborhood-  
specific kind of knowledge base; again, this is why  
we created them to have the on-the-ground  
understanding of what is going on specifically in

this neighborhood and making recommendations about  
how to best address it.

CO-CHAIRPERSON GARODNICK: Okay, well let  
me just -- I'll give you a few categories [background  
comment] of questions that I would have posed to you  
and you can tell me whether they're better posed  
toward the Center.

JORDAN PRESS: Okay.

CO-CHAIRPERSON GARODNICK: Flood  
insurance...

[background comments]

JORDAN PRESS: It... So... [crosstalk]

CO-CHAIRPERSON GARODNICK: Here's the  
question...

JORDAN PRESS: Yeah.

CO-CHAIRPERSON GARODNICK: it's about  
their report...

JORDAN PRESS: Okay.

CO-CHAIRPERSON GARODNICK: The Center's  
report on rising tides... [crosstalk]

JORDAN PRESS: It should be... It should be  
directed to the center... [crosstalk]

CO-CHAIRPERSON GARODNICK: Okay. The  
settlement funds...

JORDAN PRESS: Yes.

CO-CHAIRPERSON GARODNICK: and how  
they've been used, probably; right?

JORDAN PRESS: I can speak to the  
settlement.

CO-CHAIRPERSON GARODNICK: Okay. So  
we've gotten about \$2 billion in funding from the...  
New York State has gotten about \$2 billion in funding  
from national case settlements with banks; you noted  
in your testimony that we have gotten -- let's see --  
well you can give it to us again, the dollar amounts  
that New York City has actually gotten as a result of  
those settlements. I saw \$57 million from HUD...

JORDAN PRESS: That's right.

CO-CHAIRPERSON GARODNICK: but that's not  
that number, is it...

JORDAN PRESS: No, that is not.

CO-CHAIRPERSON GARODNICK: the number  
that relates to the settlement from the banks?

JORDAN PRESS: So the bank settlement  
funds are provided from the banks to the State over a  
three-year period and are going to be under the  
jurisdiction of the State Department of Budget and  
the Department of Budget is going to then allocate



funds from the State agencies to localities as it is applicable and as was worked out between the Governor and the Attorney General and the banks. None of these settlement funds are designated specifically to HPD, although we expect that certain allocations, particularly the NY/NY 4 money for supportive housing, would wind up in components of projects that HPD is otherwise involved in; of course, as it relates specifically to foreclosure work, this is not where HPD is directly investing in properties, but certainly the Center is, where those funds could be applied to foreclosure properties, but they won't be specifically in any HPD deals.

CO-CHAIRPERSON GARODNICK: Okay. So just to make it really simple for me, \$2 billion to New York State; it sounds like it's caught up in New York State bureaucracy at the moment and that zero of it has so far arrived in New York City; is that correct?

JORDAN PRESS: To my knowledge, although there are others, and you know, that might be best directed to OMB but... [interpose]

CO-CHAIRPERSON GARODNICK: Okay.  
Alright... [crosstalk]

1 JORDAN PRESS: certainly not to HPD.

2 Certainly not to HPD.

3 CO-CHAIRPERSON GARODNICK: we'll let...  
4 we'll let others who testify correct you if you're  
5 wrong, but as far as you're concerned, you're not  
6 aware of any of those monies that have arrived yet...  
7 [crosstalk]

8 JORDAN PRESS: Not only have they not  
9 arrived to HPD, but none are designated for HPD in  
10 the future either... [crosstalk]

11 CO-CHAIRPERSON GARODNICK: Okay. And  
12 where... and where are they designated?

13 JORDAN PRESS: I believe... I should not  
14 speak to that, 'cause I don't have the numbers along  
15 with me; I can... From what I know out of the State  
16 budget, I do have a list back in my office that I  
17 could send you... [interpose]

18 CO-CHAIRPERSON GARODNICK: It's  
19 determined by the State... [interpose]

20 JORDAN PRESS: Yes.

21 CO-CHAIRPERSON GARODNICK: as opposed to  
22 by the City...

23 JORDAN PRESS: That's correct.

24  
25

CO-CHAIRPERSON GARODNICK: so everything  
is already preordained... [crosstalk]

JORDAN PRESS: Yes.

CO-CHAIRPERSON GARODNICK: to the total  
dollar amount and who is going to receive it?

JORDAN PRESS: That's correct.

CO-CHAIRPERSON GARODNICK: And do you  
know what percentage of the overall amount is  
dedicated for foreclosure prevention?

JORDAN PRESS: I do not.

CO-CHAIRPERSON GARODNICK: Okay. Is that  
something that you'll be able to get for us?

JORDAN PRESS: Yeah.

CO-CHAIRPERSON GARODNICK: 'Cause we're  
interested in that. And last two categories here and  
then I'm going to my colleagues -- scams; I think  
that may be one for you guys -- companies that  
conduct loan modification scams have contacted people  
in neighborhoods that are most affected by the  
foreclosure crisis; is this something that you can  
speak to?

JORDAN PRESS: So I guess I would say  
that where there are illegal activities occurring,  
that that goes to law enforcement agencies that is

not HPD; where we have come in interaction to these  
scams are with abandoned properties where scammers  
have tried to rent up abandoned properties to people,  
where they are posing as the homeowner and HPD gets  
called because of maintenance conditions at those  
properties, and we have aggressively pursued the  
repair, if need be, by HPD through our emergency  
repair program or whatever else it takes to maintain  
those properties, but in terms of scams to correct  
credit, that is not something we're involved in...

[interpose]

CO-CHAIRPERSON GARODNICK: And... I'm  
sorry. And you said there were people who are posing  
as the homeowner... [crosstalk]

JORDAN PRESS: Yes.

CO-CHAIRPERSON GARODNICK: say that one  
more time.

JORDAN PRESS: Posing either as the  
homeowner or as an agent of the homeowner; that they  
are entrusted in whatever way to rent out an  
abandoned property, and so people are then renting  
the property, paying [background comment] \$6-700 a  
month to a scammer who has no actual interest in the  
property, [background comment] because the bank is

not properly securing it and the homeowner is no longer there, and someone is paying rent to somebody how has no actual ownership interest in the property.

CO-CHAIRPERSON GARODNICK: Wow. Okay, that's something...

JORDAN PRESS: And so again, where HPD would come in on that is, if we get calls then from the renter, HPD will pursue the owner of that property, whoever it is, to make sure that that maintenance problem... [crosstalk]

CO-CHAIRPERSON GARODNICK: Got it. But it's not a loan modification scam, but that is a scam that you all see...? [crosstalk]

JORDAN PRESS: That is a scam... [crosstalk]

CO-CHAIRPERSON GARODNICK: Okay.

JORDAN PRESS: related to foreclosure and abandoned properties... [crosstalk]

CO-CHAIRPERSON GARODNICK: Okay. Let's talk about abandonment, because I noted the, you know the zombie foreclosures... [crosstalk]

JORDAN PRESS: Yes.

CO-CHAIRPERSON GARODNICK: and the fact that a lot of these properties are stuck in this pre-

foreclosure mode where nothing actually is happening; people have abandoned properties, you know we were walking around the neighborhood a little earlier, you see you know the disrepair that you know falls on entire communities when that happens, so do you have stats on the number of houses that are currently subject to foreclosure, any stage of foreclosure and their housing maintenance code violations that are you know on those houses during that time; does HPD keep that stat, cross-reference that stat?

JORDAN PRESS: We don't actively cross-reference that stat and I think it's important to not make kinda causal inferences that... the housing maintenance condition might not always be... there might not always be that connection. So for example, in multi-family properties that are in foreclosure, we often see the banks, because those are more valuable properties, the banks will engage with a servicer or some other responsible party to protect that asset, because the bank knows that if they're gonna wind up foreclosing and taking title to the property that they wanna be able to resell that property and have it be as valuable as possible; where we see a bigger problem is with 1- to 4-family

homes that tend to linger much longer in this limbo.

I would note that there was legislation on this issue at the state level last year, led by both the Attorney General, State Senator Klein; Assemblyman Weinstein to give the City injunctive relief during the time of pre-foreclosure, which we don't currently have, and the City was supportive of that legislation, worked actively with the Attorney General's office and the State Senate to perfect it; it did not pass through in the final days of last session, but I know that the Attorney General is committed to trying to get it passed through this session and it's something that the City will be supporting.

CO-CHAIRPERSON GARODNICK: That would be important, because then in that scenario in which you are in the beginning process of foreclosure, if it becomes abandoned and the bank does not take that second step to actually foreclose and take responsibility, then the City would be able to go in and force the bank to act; is that... is that the... [crosstalk]

JORDAN PRESS: That... That... That is... That is correct, and I'd also note that our Enforcement

Neighborhood Services Unit will go out to properties that have been abandoned; will set up, if they currently have residents in them, set up utility accounts so that the people who are living in those units, albeit abandoned, are living in, you know, living in adequate... the most... the best maintained as possible conditions, provide emergency repairs through our ERP program, if it's necessary, provide heat and hot water and so forth.

CO-CHAIRPERSON GARODNICK: Compliance bonds, another concept.

JORDAN PRESS: Not anything that HPD has been involved in or... [crosstalk]

CO-CHAIRPERSON GARODNICK: Okay; we'll ask the Center. The last question -- you noted a couple times in your testimony about the Mayor's Affordable Housing Plan; I don't have it at my fingertips, but is the rehabilitation of the 1- to 4-family homes that you noted tend to linger out there [background comment] and cause problems for communities when they're left to deteriorate; is there a numerical component in the Mayor's Affordable Housing Plan to rehabilitating and reactivating those houses?



JORDAN PRESS: Yeah. We don't have a number, but I will say that we are, and especially over the last few months we have really be ramping up our activities and interest, trying to understand the challenges of small buildings and small building owners, which is really unique to... different from what we are experiencing with larger properties, properties that are owner occupied; maybe they've... this might be their largest asset, the homeowner and are just facing a different set of challenges in maintaining that property than larger multi-family owners are.

CO-CHAIRPERSON GARODNICK: But is this actually part of the plan, regardless of whether there's a numeric value system with it... [crosstalk]

JORDAN PRESS: The... The... The preservation of affordable units within smaller 1- to 4-family and you know, or maybe even a little bit larger but still small buildings, is certainly a component...

[interpose]

CO-CHAIRPERSON GARODNICK: Right; I guess I'm really more asking about foreclosed or pre-foreclosed 1- to 4-family homes and whether the

rehabilitation and reactivation of those is part of  
the Mayor's housing plan.

JORDAN PRESS: Not in a specific way, but  
I would say that it is implied in the efforts to  
preserve... to find preservation strategies for all  
small buildings.

CO-CHAIRPERSON GARODNICK: Alright. Well  
I think that we should talk about that in a little  
more specificity and maybe as a result of this  
hearing, you know, we'll begin that conversation a  
little more, because it seems that it has a two-part  
benefit, not only the preservation and activation of  
an affordable home for somebody or a number of  
families, but also helps communities that are seeing  
this cycle downward as a result of abandonment and  
decay and foreclosure, so it's... anyway, I know you  
know that point.

I'm gonna stop there; I'm gonna note that  
we've been joined by Council Member Helen Rosenthal  
of Manhattan and I'm now going to Chair Arroyo.

CHAIRPERSON ARROYO: Thank you Mr. Co-  
Chair. Mr. Press; how are you?

JORDAN PRESS: Good, thank you...

[crosstalk]

3 CHAIRPERSON ARROYO: Nice to see you. Oh  
4 and I look forward to the ongoing relationship and  
5 work with this agency under this new administration.

6 I'm gonna focus my questions on your  
7 testimony, 'cause it raised some questions that I'm  
8 just curious about.

9 The work that HPD has been doing, and  
10 this is the third paragraph on the first page, you  
11 launched the Center as the joint effort between the  
12 Council and HPD, yada, yada, yada ya; right? How  
13 many families; how many homes did we keep out of  
14 foreclosure as a result of the effort?

15 JORDAN PRESS: I'm sorry that I don't  
16 have a specific number, but I think that the Center  
17 should be well-prepared to answer.

18 CHAIRPERSON ARROYO: And if they can be  
19 prepared to talk about what neighborhoods, 'cause you  
20 know, I'm from the Bronx; I love my colleagues from  
21 Queens, but I'm sure that we have some issues there  
22 too.

23 The Center has established standard  
24 practices for homeownership counseling and procedures  
25 that I would imagine are being shared as the best

practice with community-based organizations that are  
doing this work; is there a handout on the standards?

JORDAN PRESS: Again, a question that I  
think... [interpose]

CHAIRPERSON ARROYO: 'Kay.

JORDAN PRESS: the Center again can  
answer... [crosstalk]

CHAIRPERSON ARROYO: I guess they'll  
include that in their testimony. Okay. And a  
statement in your testimony that seems to be an  
oxymoron, as far as I'm concerned, the second page,  
the second paragraph, the MAP program launched in  
2010, HPD and the Center provided zero percent  
interest loans of approximately \$25,000 and then  
later for \$40,000 to financially stable homeowners;  
if they were financially stable, why are they in  
foreclosure?

JORDAN PRESS: You have an excellent eye,  
Council Member... [interpose]

CHAIRPERSON ARROYO: Don't sweet talk me;  
it doesn't impress me. [laughter][background  
comments] I just... it... [interpose]

JORDAN PRESS: I... I believe... I believe  
the... I believe the intention here was to rather state  
to help financially stabilize homeowners... [crosstalk]

CHAIRPERSON ARROYO: Okay.

JORDAN PRESS: rather than that the  
grants were provided to people who are already  
financially stable... [interpose]

CHAIRPERSON ARROYO: Okay, I...

JORDAN PRESS: you're absolutely correct.

CHAIRPERSON ARROYO: Is that a correction  
of your testimony then?

JORDAN PRESS: Yes, it is... [crosstalk]

CHAIRPERSON ARROYO: Your staff behind  
you is smiling... shaking their head no.

JORDAN PRESS: Yeah, it is? Great.

CHAIRPERSON ARROYO: I just... it seems  
conflicting, given what... [crosstalk]

JORDAN PRESS: You're absolutely correct.

CHAIRPERSON ARROYO: the goal of the work  
that you're doing around foreclosures and so if they  
were stable they wouldn't be in foreclosure, in my  
mind... [crosstalk]

JORDAN PRESS: Yep, you're... you're  
absolutely correct.

CHAIRPERSON ARROYO: And in your... you  
received \$57 million from HUD...

JORDAN PRESS: Yep.

CHAIRPERSON ARROYO: in two rounds; in  
the first round you were the recipient and in the  
second round, or two rounds, you were the  
subrecipient; who's the prime in that, in...  
[crosstalk]

JORDAN PRESS: The State was.

CHAIRPERSON ARROYO: The State?

JORDAN PRESS: Right.

CHAIRPERSON ARROYO: So how much has come  
down from the State to HPD?

JORDAN PRESS: I don't have the...  
[crosstalk]

CHAIRPERSON ARROYO: You just said that  
nothing's come down.

JORDAN PRESS: So that... what I was  
referring to were the bank settlement funds; this is  
the Federal... [background comment] the bank settlement  
funds between the Attorney General that is within New  
York State; NSP was federal grants, some of which  
were provided directly to New York City and others

that went to the State and then HPD was the  
subrecipient.

[background comment]

CHAIRPERSON ARROYO: No in preparation  
for the hearing and the conversations that we were  
briefing through the last week or so, what direct  
financial support went to homeowners in the  
foreclosure process?

JORDAN PRESS: So what I could speak to  
on HPD's behalf would be [background comment] the MAP  
loans and I would need to ask my colleagues at the  
Center whether there were any other direct fin... when  
you say financial assistance, do you mean funds that  
went directly to them or financial counseling,  
because I think that...

CHAIRPERSON ARROYO: You know, I...

JORDAN PRESS: I think that financial  
counseling was much more widespread than direct  
allocations of funds.

CHAIRPERSON ARROYO: And my overall  
question is, the millions of dollars that are out  
there in the different pools are going to nonprofit  
organizations to provide counseling when the support  
is needed on the ground level to the owners who are

in distress; [background comment] counseling at that point I'm not sure is gonna be the vehicle that's gonna help them stay in their homes. [background comment]

JORDAN PRESS: Well... [interpose]

CHAIRPERSON ARROYO: So I'm a health care administrator, I'm not a banker and financing is not my forte, but I'm really challenged to understand the millions of dollars that were seen and families are still losing their homes.

JORDAN PRESS: One of the reasons that financial counseling can be more successful in a city that has so strong of a housing market as New York City is that the house remains an asset to the homeowner; they may have had a debt obligation through their mortgage that was not sustainable for them, but because the value of the property -- of course there is a dip, but it's come back over time because the value of the property remains there, and the tremendous loss of home value that we saw in other neighborhoods wasn't quite felt the same way in New York City, talking about the value of the property as it was when the homeowner took the mortgage versus the value of the property once they



1 fell into foreclosure problems, that dip in home  
2 value was not as severe in New York City as it was in  
3 other neighborhoods and so you're able to use  
4 financial counseling to try to work that asset that  
5 the homeowner maintains to try to work their way out  
6 of financial crisis... [crosstalk]

8 CHAIRPERSON ARROYO: But they lost their  
9 home, they didn't maintain it, so... And again, it  
10 might be a little bit over my head, I'm not a banker  
11 and I don't understand the nuances. I'm hard-pressed  
12 to understand that we're dealing with over-leveraged  
13 properties and banks that are paying millions of  
14 dollars into these settlements as opposed to putting  
15 some skin in the game and maybe forgiving some of the  
16 debt overall [background comment] and/or bridging the  
17 gap or reducing what the mortgage is for that family  
18 so that they can have amore realistic payment  
19 [background comment] for their property; I'm not... and  
20 god bless my committee counsel, he really did try to  
21 explain it to me; I just don't understand it; it  
22 seems to me they're losing the money through the  
23 settlement anyway; why aren't they just coming to the  
24 table and saying okay, this is a problem for  
25 everyone, it does not help any of us, not the bank,

not the community, not the owner for this property to  
be foreclosed on... [interpose]

JORDAN PRESS: Right.

CHAIRPERSON ARROYO: and what effort,  
conversations are on the way to engage in that  
effort.

JORDAN PRESS: Right. So I think that  
some of my colleagues from the organizations that  
work directly on this every day will probably have a  
lot more to say about the specific issue of working  
with financial institutions, whether it's writing  
down mortgages, whether it's short sales of  
properties to get them out; those are, again, those  
kind of on-the-ground engagements that they have that  
I do not.

CHAIRPERSON ARROYO: Okay, one last  
question Mr. Chairman and then I'll -- you know,  
'cause I'll keep repeating the rest of the afternoon;  
make you make me understand what appears to be  
something really quite simple, really quite simple.  
So for \$57 million through the HUD program...  
[crosstalk]

JORDAN PRESS: NSP. Yeah.

CHAIRPERSON ARROYO: the NSP and you used  
some of that money for new units?

JORDAN PRESS: Yes. And so the  
Neighborhood Stabilization Program was part of  
President Obama's Economic Stimulus Package right  
after he came into office; it was a multibillion  
dollar appropriation from the federal government that  
was intended not only to assist homeowners directly  
who are experiencing foreclosure, but also to  
stabilize neighborhoods that were being impacted and  
so the eligible use of funds was not solely for  
people in foreclosure, but also to assist  
neighborhoods [background comments] with other kinds  
of developments... [interpose]

CHAIRPERSON ARROYO: Thank you.

JORDAN PRESS: for preservation.

CHAIRPERSON ARROYO: Thank you, Mr.  
Press.

JORDAN PRESS: Thank you.

CHAIRPERSON ARROYO: Thank you, Mr.  
Chair.

CO-CHAIRPERSON GARODNICK: Thank you very  
much, Chair Arroyo. I wanna not that we've been  
joined by Council Member Elizabeth Crowley from

Queens and also former Council Member Archie Spigner, who's up there in the back row. Welcome Archie, good to have you here. Let's turn now to our local Council Member, Daneek Miller.

COUNCIL MEMBER MILLER: Thank you  
Chairman Garodnick.

Mr. Press, I have a few -- are you the only person from the Administration that'll be actually testifying?

JORDAN PRESS: Yes, sir.

COUNCIL MEMBER MILLER: Okay, so I guess then my questions will-posed specifically to you. We're all aware of the Mayor's and your statement actually speaks to the Admin's very ambitious Affordable Housing Plan and the investments, whether monetary or resource-wise that are being made there, but we're a little vague on the investments that are being made around this issue of foreclosure and homeownership; when you have -- we are here -- and one of the questions that was posed earlier specifically had to be honed in and drilled down as to why specifically Southeast Queens and some of the other areas that we see are the hardest hit throughout the city; the fact of the matter is, when

1 you have a community that's 65 percent homeownership,  
2 communities of color, oftentimes now new immigrants,  
3 that they are pretty vulnerable, obviously the crisis  
4 and we don't wanna go through that again, kinda  
5 preyed on that, so obviously we know how we got here,  
6 but I want for you to be able to articulate for us  
7 here and member of the community and the Council  
8 exactly what investments are being made by the  
9 Administration and the City; specifically you spoke  
10 of state and federal programs that are being  
11 implemented that we're not sure whether or not  
12 they're hitting home or not, but we wanna know  
13 specifically to start, what have been the  
14 Administration's investments?

16 JORDAN PRESS: So I'm sorry; just so I  
17 understand properly the question, the  
18 Administration's investments in affordable housing  
19 more broadly; is that the question?

20 COUNCIL MEMBER MILLER: No; in  
21 foreclosures.

22 JORDAN PRESS: Okay. So specific to --  
23 as I laid out in the testimony, since the new  
24 administration has come in we have continued our  
25 investment in the Center as the primary front leader

and kinda on-the-ground organization to provide a range of services and financial products to assist homeowners facing foreclosure; that is where the rest of the effort has been filtered through the Center. In addition, as it pertains to homeowners who are experiencing other kinds of financial distress that might be related to the maintenance of their home, that's where we have the other programs that I mentioned, [background comment] SCHAP and HIP, which provide low-cost financing so that they can address those and hopefully not fall into foreclosure.

COUNCIL MEMBER MILLER: So specifically; do you know a dollar amount; not just in finance, but in resources that have been earmarked or have come to Southeast Queens specifically?

JORDAN PRESS: I do not have a breakdown to Southeast Queens specifically; I can say that the Center's funding that was provided by both the City Council and the Mayor for Fiscal Year 2015, the City Council provided \$750,000 and mayoral funding of \$1.194 million, so \$750,000 plus \$1.194 million in funding directly from the City, broken up between the City Council and the Mayor to the Center for their activities.

COUNCIL MEMBER MILLER: Well let me just say, considering the potential loss of homeownership and its impact on the tax base and loss of revenue, I think that's a drop in the bucket. But with that being said, as it pertains to settlement dollars, what kinda advocacy has been done to ensure that that money comes back to those throughout the city that were most significantly impacted...? [crosstalk]

JORDAN PRESS: 'Kay. So that goes far above my head into the top reaches of City Hall, but I know that the Mayor and his most senior advisors were very deep in negotiations during the state budget process on this very issue and were advocating strongly for those funds to come to the City for various uses, I mentioned NY/NY 4 Supportive Housing, NYCHA funds and there may have been some other New York City-specific housing-related settlement funds not coming immediately to mind.

COUNCIL MEMBER MILLER: Again, we're trying to drill down on that that are being impacted by what we... what has been the impact and how do we address the issue of foreclosures and some of the things that you're talking about, quite frankly, aren't addressing that issue and I know what you're

1 getting from -- there are certainly subdivisions to  
2 this and one I think, which is a really important  
3 component is the counseling; I think it absolutely  
4 works when individuals are in pre-foreclosure, the  
5 partnerships again that -- we really have a value  
6 here in Southeast Queens, but I think that, again,  
7 given [background comment] the importance of the tax  
8 base and a community that has historically been  
9 really self-sustaining support not necessarily, in  
10 terms of the settlement, but dollars that have really  
11 come out, we wanna kinda figure out what's being put  
12 back.  
13

14 In terms of the rehab, we have a number  
15 of nonprofit developments, couplings in the area who  
16 rehab [background comment] some of these homes that  
17 we were talking about, distressed homes and so forth,  
18 but we've found it increasingly difficult over the  
19 past few years for them to gain access to these  
20 homes; like I've written letters and advocated on  
21 behalf of these organizations and probably some of  
22 the homes that were toured by the Council this  
23 morning were probably some of the homes that remain  
24 on that list and yet they remain stagnant and a  
25 blight on communities whereas we have organizations



that have the capacity to really move these forward and create homeownership for others who also have a base of first-time homeowners from the community that are waiting to purchase homes who have gone through a financial literacy certification and who are really prepared to be engaged in this process, but yet the City's holding onto the properties. How do we -- 'cause I know that's an HPD issue; how do we address that?

JORDAN PRESS: So because HPD is charged with enforcing the Housing Maintenance Code, I think that this is one particular area where the partnership between Council Members' offices and HPD is critical; I can't tell you how many calls I field each week from Council Member offices, other elected official offices who have -- you know, you guys have the homeowners, you have the renters come into your office and tell you the story of what they're experiencing and oftentimes they don't know where to call or they don't feel like they're getting the kind of government service that they deserve and your offices play a really critical role in making sure that we're paying attention to it and are able to apply the resources that we have as the agency that

enforces Housing Maintenance Code to try to...

[interpose]

COUNCIL MEMBER MILLER: So pretense [sic]  
that we can get some of these homes relieved and get  
folks back to work and get them rehabbed and...

[crosstalk]

JORDAN PRESS: So that's what I would say  
is; that we should have a follow-up conversation  
about... [interpose]

COUNCIL MEMBER MILLER: Great.

JORDAN PRESS: about specific properties  
so that, you know we can see what can be done.

COUNCIL MEMBER MILLER: Good. And I have  
one final question, and because you are the person  
that represents the Admin. There's been conversation  
and I'm sure there will be as we move forward, was we  
talk about remedies and solutions, about eminent  
domain of these mortgages [sic], particularly those  
that are under water; has there been any conversation  
or movement on that end to address this potentially  
home-saving issue?

JORDAN PRESS: Right. So all eminent  
domain issues run through the City's Law Department  
and not through HPD; if there were a decision to

utilize eminent domain, that would be the City Hall's Law Department and not our agency; we are familiar with the proposal and are happy to keep talking with you about it, but we have not taken any policy position on the use of eminent domain.

COUNCIL MEMBER MILLER: I appreciate your candor and being that you are familiar, I'm really disenchanted because that you are familiar that you weren't prepared or someone that was prepared, the Law Department was here to actually have that type of intelligent conversation for those who are really looking for relief. I thank you so much for coming and I appreciate your time...

[crosstalk]

JORDAN PRESS: Thank you. Thank you.

CO-CHAIRPERSON GARODNICK: Thank you, Council Member Miller and now we'll go to Council Member Richards.

COUNCIL MEMBER RICHARDS: Thank you, Chairman. And I just want to echo what Council Member Miller said and I know that this has been a proposal floating around for at least a year now on this particular issue and we are obviously looking forward to having that conversation and firm

believers that we have to think outside the box on this issue; if we continue to go at this issue at the same candor we are going to continue to lose more homes at a rapid rate here in Southeast Queens and in particular, one of the things we're seeing is obviously affordability and I'm very happy that the Mayor is focusing in [sic] [background coughing] affordable housing because we're seeing a lot of our seniors obviously who are on a fixed income; who can no longer hold onto their homes in our particular communities and then they give them to their children and being that, you know when you come out of college now, the wages are so stagnant; they're in the home for a little bit then before you know it the home is in foreclosure, so I mean I understand there are multiple issues that are compounded on this particular issue that make it very difficult to obviously come up with a -- I wanna say a real solution on, but I guess these are all things that we must address at the same time. I do have a few questions, but just to echo back on that, we -- you know, our communities don't deserve this blight; you know, part of the problem was, and I remember my predecessor had introduced legislation at a city

level when I worked for him that said basically that the banks would be barred from lending to people who can't afford to pay a mortgage; I mean it sounds like common sense to me; if you're lending to people who can't afford a mortgage, it's a matter of time before they're in foreclosure, so while I understand Council Member Arroyo said she's no bank person, I do understand tricknology [sic] and that's what this seems that this was.

I do wanna raise a few questions. So what is HPD -- The question I have is on coordination amongst City services and I'm not sure if you have this answer; I understand if you don't, but it's something that I do want to be taken back to the Admin, and that's on the coordination between HPD, the New York City Police Department and the Department of Sanitation, because what happens when these particular properties are in foreclosure it leaves blight on the community and then we're chasing the banks, we're chasing our tail trying to figure out how do we get these properties cleaned up; it is one of the highest complaints we have in my office and I wanted to know; do you have an idea of

coordination between the agencies on cleaning up  
blighted properties...? [crosstalk]

JORDAN PRESS: Sure. Sure. I don't have  
statistics, but I certainly can speak to the issue.  
When... [background comments] if a 311 complaints comes  
in, depending on the nature of the complaint; if it's  
primarily about a sanitation issue it'll get referred  
to Sanitation Department, but if it comes into us,  
which it very may well, we'll send an inspector out  
to see what the situation is; if the property is  
abandoned and let's say there's an abundance of trash  
on the front law, I actually don't know if Sanitation  
can come into it, but I do know that we have  
contracted in the past to bring in a private entity  
to cart trash away and then we'll charge that...  
[background comment] just like we would an emergency  
repair to the house. Any other -- It's not uncommon  
for us to get complaints about unsafe conditions with  
squatters in there and we'll work with NYPD to secure  
the property; HPD does do seal-ups of properties; if  
the seal is broken, we've resealed properties and so  
I would say that there is a fair level of  
coordination with the other agencies.

COUNCIL MEMBER RICHARDS: And how many  
inspectors do you have work... [crosstalk]

CHAIRPERSON ARROYO: Council Member, if  
you can allow me. So what's the chargeback; how do  
you... what's the process and how does that show up?

JORDAN PRESS: So if it's an ERP charge...  
[interpose]

CHAIRPERSON ARROYO: ERP is what?

JORDAN PRESS: I'm sorry, Emergency  
Repair Program charge; it can be liened to the  
property.

CHAIRPERSON ARROYO: It could be; not  
necessarily?

JORDAN PRESS: I would need to check if  
there is a dollar threshold before it turns into a  
lien; [background comment] I actually don't believe  
there is; I think that it is immediately transferred  
to DOF on your tax bill.

COUNCIL MEMBER RICHARDS: And how many  
inspectors are there?

JORDAN PRESS: I don't have that number;  
do you have the num... [crosstalk]

COUNCIL MEMBER RICHARDS: Now I would  
argue that there is not enough of them and partly

1 because when we call, it can take us, I mean three  
2 months to get properties cleaned up or four months  
3 and it got so bad to the point where we had to fund a  
4 nonprofit to literally come in -- [background  
5 comment] people call us with these blighted  
6 addresses; I think -- Frank [sic], how many people...  
7 when we funded it last fiscal year, we had at least a  
8 hundred houses on the list [background comment] to be  
9 cleaned...  
10

11 JORDAN PRESS: Okay.

12 COUNCIL MEMBER RICHARDS: because that's  
13 how bad the issue is in our community and it's -- you  
14 know, the City seems to not have the adequate  
15 services around this, in my opinion, based on what we  
16 see in our district; I'm not making this up, we can  
17 show you the list...

18 JORDAN PRESS: Right.

19 COUNCIL MEMBER RICHARDS: and so that's  
20 why it raised the question on coordination and can  
21 there be better coordination amongst the NYPD and  
22 agencies on this issue.

23 JORDAN PRESS: Certainly, if you have  
24 that list of properties, as you mentioned, I think we  
25 should discuss them and we will work with our partner



COMMITTEE ON COMMUNITY DEVELOPMENT JOINTLY WITH  
COMMITTEE ON ECONOMIC DEVELOPMENT

65

agencies to try to tackle that program best we can...  
[interpose]

COUNCIL MEMBER RICHARDS: Well you know  
you may have to set up a storefront here on this  
issue; [laughter] right?

JORDAN PRESS: As I said, enforcement of  
the Housing Maintenance Code is part of our mission  
and we take it seriously and you know, we want to... we  
do need to do some triaging of complaints that come  
in so if we have an immediately hazardous situation  
that gets reported, we need to prioritize our  
inspectors visiting those... [interpose]

COUNCIL MEMBER RICHARDS: And is there  
any timeframe for when you're supposed to come out?

JORDAN PRESS: I would have to get back  
to you on what... Thi... Thi... [crosstalk]

COUNCIL MEMBER RICHARDS: Okay. So I'll  
be interested. And if you can get that... [crosstalk]

JORDAN PRESS: Yeah.

COUNCIL MEMBER RICHARDS: back to the  
Committee on metrics and benchmarking and timeframes  
of the process... [interpose]

JORDAN PRESS: Yeah.

COUNCIL MEMBER RICHARDS: of how long it should take in particular, 'cause our constituents, you know they depend on us to go out and get these things done and it's very difficult -- if we're giving them the same answer every time on this issue -- well we're waiting for the City to get back, waiting for Sanitation, waiting for HPD -- and I do wanna say HPD has been helpful in some areas, you know in particular we had an issue a few weeks ago with a constituent whose water was cut off for some reason and you guys actually came and worked very hard on that issue, so I do wanna commend you in that area, but still there seems to be a lack of real coordination amongst the agencies on this issue.

The other point I wanted to make and I'm very happy that the Center for New York City Neighborhoods is here; I'm a newly appointed board member, but they have been very gracious in coming out to our communities; I know we hosted a briefing at City Hall for members and they've also come out and met with civic leaders in the Rockaways along flood insurance and they're coming out I believe to a clergy breakfast we're doing in a few weeks, so they've really been good, but I do wanna echo what

Council Member Miller said, and although the City Council has put in 750, we do need to see more of a real commitment from the Admin on more than one 1.2 or whatever it is on this issue and you know, I know we're in the budget process now, but we're happy to continue to have conversations on this issue, but we need to really see a really definite -- I'm sorry Chairman, I'm taking up a lot of time... [crosstalk]

CO-CHAIRPERSON GARODNICK: Oh it's okay.

COUNCIL MEMBER RICHARDS: I'm gonna try to wrap up, but we do need to see more of a commitment from the Admin on this issue; it is the issue of the day here in Southern Queens.

So just to add to that and being that we are the ground zero of foreclosures in New York City, there's no other community that's been more adversely affected than this community. Has there been thought to setting up -- and I know CCNY -- you know, they are doing as much as they can, but they have to leave Manhattan to come here; has there been any thought -- and I know that we're working with nonprofits and Parodneck is in our office on Tuesdays and we have a lot of other organizations, but has there been any thought to -- the same way we do, in particular,

1 Workforcel centers; is there any thought around  
2 having a foreclosure stop center here in Southeast  
3 Queens; I mean it would make sense to have a one-stop  
4 shop where homeowners can come to one location where  
5 everybody knows they can come and get help, and I  
6 think that's something that, you know, I would  
7 suggest the Admin looking to do, whether that's  
8 through CCNY, which I would recommend, that that  
9 should be a thought a here, so has that been a  
10 thought or... [crosstalk]

12 JORDAN PRESS: I mean I...

13 COUNCIL MEMBER RICHARDS: or that's  
14 something you're open to or?

15 JORDAN PRESS: I will take that back; I  
16 think it's... the idea of simplifying what is otherwise  
17 an incredibly complex and difficult process is a good  
18 one and fortunately in New York City we do have great  
19 organizations that are spread out throughout the city  
20 that know their communities well and it would seem to  
21 me that that would be the best existing resource to  
22 try to utilize and bolster, but I will... I will...  
23 [crosstalk]

1 COMMITTEE ON COMMUNITY DEVELOPMENT JOINTLY WITH  
2 COMMITTEE ON ECONOMIC DEVELOPMENT

69

3 COUNCIL MEMBER RICHARDS: And I agree; I  
4 like the word bolster, so more money saves your  
5 organization... [crosstalk]

6 JORDAN PRESS: I... I... I... I will take... I  
7 will ta... [background comments]

8 COUNCIL MEMBER RICHARDS: and not from  
9 the Council's.

10 JORDAN PRESS: I will take that back.  
11 Thank you.

12 COUNCIL MEMBER RICHARDS: And just on  
13 that, I wanna thank you and we obviously look forward  
14 to having more conversation around this; I also think  
15 that there are things that the Department of Finance  
16 can possibly do; foreclosures are a silent killer in  
17 our community, not everybody's proud to be in  
18 foreclosure, some people are scared of the process,  
19 so perhaps including perhaps on the tax bill, since  
20 we have to pay that, our property tax bill, perhaps  
21 including some information on a person's tax bill  
22 that, you know, there's foreclosure assistance; you  
23 can reach out to CCNY, may be something that is an  
24 easy, non-burdensome costing measure that homeowners  
25 would know they can have access to. Thank you  
Chairman; thank you Chairwoman.

[background comment]

CO-CHAIRPERSON GARODNICK: Thank you,  
Council Member Richards. I just wanted to go back to  
a couple of the numbers, just to make sure that I'm  
getting this right and then we're gonna go to Council  
Member Crowley for some more questions.

We have, for the Center, which appears to  
be doing the lion's share of the work in New York  
City in partnership with both HPD and the Council,  
allocation of about \$1.2 million from the Mayor,  
\$750,000 from the Council; then we have these other  
pots of money which are largely coming from other  
places, whether it's the \$57 million which came from  
HUD for the purpose of doing a variety of different  
things, including the Neighborhood Restore  
partnership, [background comment] there's gonna be  
money coming from bank settlements, which is an  
unknown... well it's a known number, but not to us at  
this moment in time... [interpose]

JORDAN PRESS: Under the current  
settlement, but under... [background comment] we need  
to see if there's any more in the future.

CO-CHAIRPERSON GARODNICK: Right. So  
this total \$2 billion statewide, of which a portion  
of that will be coming to New York City; correct?

JORDAN PRESS: Correct.

CO-CHAIRPERSON GARODNICK: And a number  
which is known to you, just not at this table right  
now; correct?

JORDAN PRESS: Correct.

CO-CHAIRPERSON GARODNICK: Okay. And  
when we're talking about the less than \$2 million to  
support the work of the Center, you know it seems  
like we're tens of millions of dollars off in terms  
of the needs to rehabilitate properties and to be  
able to turn them around and resell them to people  
who need them and can qualify for them, so you know,  
what I'm struggling with is the stream of funds that  
the City is dedicating, big picture, to say okay,  
well we're gonna take these homes and we have a  
strategy and we're going to either work with a not-  
for-profit, buy them up from banks, rehabilitate them  
and sell them at a more responsible price; that's a  
tens of millions of dollars operation and I don't  
hear that and I'm missing that and I feel like  
that's really more of the key [background comment]

than the other stuff that we're talking about...

[interpose]

JORDAN PRESS: It is an excellent point and again is part of the reason that this separate entity of the Center was created was because they were going to be able to utilize more than just New York City government money in order to accomplish their mission; they can speak to it directly themselves, but I know that they have been highly successful in leveraging philanthropic support and I believe from financial institutions as well -- yeah, and financial institutions themselves to contribute to the effort, so it's not just the New York City taxpayer on the hook, but a number of other entities.

CO-CHAIRPERSON GARODNICK: Okay, so we've got it right in terms of the scale that we're talking about as to what is needed to be able to accomplish the goals that we're talking about; it's not the \$2 million here allocated to the Center to be able to do its work, it's not even the \$5 million that HPD allocated as loans to people who are struggling through MAP; we're talking about a magnitude much, much greater and hopefully the Center will tell us that that actually... that magnitude is being employed



or is beginning to be employed and we're gonna need  
to have clear answers on that. So... [interpose]

JORDAN PRESS: Right. Yeah.

CO-CHAIRPERSON GARODNICK: Okay, as long  
as I'm not missing something and we'll pose those  
questions to the Center. We'll go to Council Member  
Crowley.

FEMALE VOICE: It's on.

COUNCIL MEMBER CROWLEY: Thank you to  
both our Chairs for having this oversight hearing on  
the economic impact of the City's foreclosure crisis.

Unfortunately, while a lot of our city is  
going through a resurgence and many of the property  
values in Manhattan, certain sections of Brooklyn,  
sections of Queens West that are close to Manhattan,  
from sections of the Bronx are selling for property  
values that they've never sold for in the past, but  
at the same time we hear in the south portion of  
Queens have not reached the level of which our homes  
were selling for in 2008 and as was mentioned  
earlier, especially in those areas that were hit by  
Hurricane Sandy, where homeowners have houses that  
are worth much less than their mortgages are  
completely under water; how much of this does the

1 City take responsibility for? Can we look at what  
2 has happened to these communities in terms of how  
3 they were hit by Hurricane Sandy in such a way that  
4 we haven't been giving them the attention they need  
5 to rebuild, whereas if you look at Rockaway, they  
6 don't have the boardwalk up yet and they had a ferry,  
7 but we took that away? The district that I  
8 represent, south of... Forest Park, which is considered  
9 south of Queen, many homeowners are under water and I  
10 saw this exacerbated by Hurricane Sandy [background  
11 comment] even though it hit Rockaway and Council  
12 Member Richards' district and Council Member Ulrich's  
13 district much worse than my district, when I look at  
14 the rest of the city, I see this resurgence, I see  
15 crime going down, but in these areas they even have  
16 crime going up [background comment] and are we as a  
17 city not giving these communities the other types of  
18 resources they need so the home values in the  
19 communities can resurge just as the rest of the  
20 city's moving forward?

22 JORDAN PRESS: Right. So although I am  
23 not on our Sandy recovery team and not a member of  
24 HRO, the Mayor's Housing Recovery Office, I think  
25 that we have -- look, what Sandy-affected homeowners

have gone through is devastating and the City has really worked hard to speed up the assistance that was so slow previously, so whether it's a homeowner getting repairs or whether it's an acquisition of that home, I think that we are getting closer to hitting our stride in providing the assistance that was just too slow in getting to them. Concurrent with the specific property owners who were impacted by Sandy is, I think under the Mayor's housing plan, truly a five-borough strategy to both create and preserve affordable housing in communities that are Sandy-affected and that are not Sandy-affected..

[crosstalk]

COUNCIL MEMBER CROWLEY: I know the Mayor has a plan and even a plan to bring back the ferry service in a few years, but the people are suffering now and the rebuilding process is not happening fast enough and it's not just that area. If you look at maps, it's that area and the ripple effect as it has...

[interpose]

JORDAN PRESS: Right.

COUNCIL MEMBER CROWLEY: on the rest of South Queens.

JORDAN PRESS: I mean, I'll say it is oftentimes my job to discuss what is going on and what is the current state of play; it is not lost on me or my colleagues who I work closely with that -- we talk about what we're doing and about the numbers that we're achieving, but that we're really talking about real people who are facing real challenges; it is not lost on us... [interpose]

COUNCIL MEMBER CROWLEY: Right, real communities too and it's hard to, if you have a multi-family home, find tenants that look for economic opportunity to pay their rent... [interpose]

JORDAN PRESS: Absolutely.

COUNCIL MEMBER CROWLEY: and when you have an hour-and-a-half to two-hour commute into Manhattan, people in Long Island are getting in much quicker; there are ways that the City could give us better transportation, to make sure those multi-family homeowners are able to have tenants that pay rent on time.

JORDAN PRESS: Right.

COUNCIL MEMBER CROWLEY: There are many different areas that we can give other city services to these communities to make sure that they're a more

attractive community for the homeowner and future homeowner and the tenants that should be attracted to these communities, and that includes schools, police officer, transportation; those are three areas, outside of just helping a homeowner that is under water, because once you start giving those other services you'll see the property value pick up.

JORDAN PRESS: I think you're exactly right and I think both Chairs Garodnick and Arroyo mentioned in their opening statement that addressing this crisis is about more, as you just said, it's about more than just the individual homeowners, it's about economic mobility and empowering people with resources that goes far beyond simply the financial obligation they have with the property that they purchased. Great.

COUNCIL MEMBER CROWLEY: No other questions. Thank you.

JORDAN PRESS: Sure.

CHAIRPERSON ARROYO: Okay. Yeah, of... Yes -- I'm trying to teach my grandchildren to say yes and here I am in public saying yeah; right? [laughter] You can't tell Diego and Othalia [sp?] it; okay? [laughter]

One question I forgot to pose regarding  
the Neighborhood Restore and the use of funds granted  
by HPD... [interpose]

JORDAN PRESS: Yes.

CHAIRPERSON ARROYO: to rehabilitate and  
eventually sell to income-eligible buyers; what's the  
income eligibility?

JORDAN PRESS: I would need to get back  
to you on that. Because this program has run its  
course and it's not current, I don't have the numbers  
from... from that past program... [crosstalk]

CHAIRPERSON ARROYO: And eligibility --  
is it a certain level of income or they're in good  
standing financially, have a good credit score; are  
they individuals who maybe don't have a good credit  
score but could, with some support, get there?

JORDAN PRESS: I'll check with both our  
staff as well as Neighborhood Restore, who I think  
may have been sending a representative today...  
[crosstalk]

CHAIRPERSON ARROYO: Are they here?

JORDAN PRESS: They're here.

CHAIRPERSON ARROYO: They're here. Okay.  
So... [interpose]

JORDAN PRESS: So we... [crosstalk]

CHAIRPERSON ARROYO: I hope you all have  
been paying attention, right; we're gonna ask the  
same questions again.

JORDAN PRESS: We'll check on what those  
numbers were; I... [interpose]

CHAIRPERSON ARROYO: Okay.

JORDAN PRESS: I would say that in any  
kind of resale you do want to sell it to someone who  
is going to be able to, you know, take on that  
obligation, but let me get back to you about the  
specifics of that resale process work.

CHAIRPERSON ARROYO: Okay. Thank you.

CO-CHAIRPERSON GARODNICK: One last  
question, and it's probably a two-part, as I'm  
thinking of it, before we let you go and we turn to  
Christie Peale at the Center for New York City  
Neighborhoods or the Center, as you have creatively  
dubbed it. The relationship here between HPD and the  
Center , [background comment] it sounds like it's a  
pretty hands-off experience when it comes to the  
City's relationship with this entity that is  
coordinating all of our efforts for the purpose of  
helping people in foreclosure... [crosstalk]

3 JORDAN PRESS: I'm glad you raised the  
4 question, because it's actually quite the contrary.  
5 As I noted, our commissioner sits on the Center's  
6 board; has actually always sat on the Center's board  
7 from her previous job, and they meet quarterly. The  
8 Center staff also meet regularly, directly staff  
9 level of the Center with HPD staff and our leadership  
10 to keep us apprised of new opportunities and new  
11 challenges and they also report to us three times a  
12 year on all of their activities, including housing  
13 counseling, legal services, referrals, outreach  
14 events, financial education programmatic spending.

15 CO-CHAIRPERSON GARODNICK: So have there  
16 been recommendations that have been made by the  
17 Center to HPD that HPD has subsequently taken and  
18 effectuated in a way that only HPD can do; can you  
19 give us a sense of how that has happened?

20 JORDAN PRESS: I need to get back to you  
21 on that, and I think the Center will also be able to...  
22 [crosstalk]

23 CO-CHAIRPERSON GARODNICK: Okay, I think  
24 we... we've got a...

25 JORDAN PRESS: they have a little bit  
more of the institutional knowledge about that



because the relationship is now going on its seventh  
or eighth year, so... [interpose]

CO-CHAIRPERSON GARODNICK: Okay. Well  
we've got a pretty big list of follow-ups for you and  
so we know that our various counsel and committee  
staff have been keeping track and so we will follow  
up with you; we appreciate your being here today and  
I think it's probably time for us to bring Miss.  
Peale up and you certainly, you're welcome to stay or  
we'll have her [background comment] come up on her  
own, but I'll leave that to your able discretion, but  
Miss Peale, you're welcome to join us and [background  
comment] this is Christie Peale from the Center for  
New York City Neighborhoods, and if we could just  
have you go ahead and answer [background comment] a  
variety of questions that we posed and that we were  
leaving for you in the first instance. [background  
comments] And it looks like they do have some  
prepared testimony coming around.

CHRISTIE PEALE: Thank you very much. I  
just wanted to say thank you to the Chairs for  
holding the hearing on a very critical issue and I'm  
happy to just jump into questions; I have...  
[interpose]

CO-CHAIRPERSON GARODNICK: Good. No, it  
looks like -- Well, we're gonna leave that to you...  
[crosstalk]

CHRISTIE PEALE: Okay.

CO-CHAIRPERSON GARODNICK: you have  
something prepared; you know some of the things that  
we're interested in... [interpose]

CHRISTIE PEALE: Yeah.

CO-CHAIRPERSON GARODNICK: so use your  
judgment on that; I also wanna note, before you get  
started, that if anybody's here who's interested in  
testifying today, there are some forms over here at  
the sergeant's table that you need to fill out just  
to alert us to the fact that you are interested in  
testifying; many of you have already done that, so  
thank you; we're gonna be doing sequential panels as  
soon as we're finished with the Center's testimony  
and questions, but I just wanted to let you know that  
is the process. So... [interpose]

CHRISTIE PEALE: Okay, great.

CO-CHAIRPERSON GARODNICK: go ahead.

CHRISTIE PEALE: So again, thank you for  
holding this critical hearing, not only to the chairs  
of the Community Development and Economic Development

Committees, Council Members Garodnick and Arroyo, but also to Council Member Richards for all your help, Council Member Miller, Council Member Weprin, Council Member Rosenthal; Council Member Crowley, and also, it was great to have State Senator Comrie here; he was so helpful in the Council, as well as Assembly Member Scarborough.

So as you know, the Center was started in 2008; our mission is to promote and protect affordable home ownership in New York City and we were established not only by the Council and HPD, but by public and philanthropic partners as well, and we work with homeowners directly across the five boroughs through our network of housing counseling and legal services providers, a number of whom have been recognized already, such as NHS of Jamaica, Legal Aide Society, MHANY and others who are here today. And I know that some of my colleagues are going to testify bout the experiences of their clients, but I thought it might helpful in stepping back a little bit and looking at our work over the past five years and to explain some of the structural issues that we've all been dealing with as we try and help homeowners.

Our primary goal is to help homeowners avoid foreclosure and what that can often mean is finding an outcome that will keep a homeowner in their home and get them back to the place where they can pay their mortgage. I am just speaking off script right now; I'm not following the testimony.

So that can mean getting them what's called a HAMP modification; that's the federal mortgage modification program, which helps reduce payments over a five-year period; often you can take some of the loan that you owe and put it at the back end of the mortgage in what's called a forbearance. HAMP mods work for a number of different types of loans and have been helpful in reducing people's monthly mortgage payments and it's our first line of defense in foreclosure prevention.

And after that there are a number of other things that we try and do to keep people in their homes; one of the reasons that we created the MAP program with New York City was to help folks that were not able to get traditional modifications, so when you think about the MAP program and those 250 folks, those are in addition to the thousands of homeowners that we've helped to get traditional

modifications. We've worked with over 35,000 homeowners in New York City since we started in 2008 and a lot of those homeowners have been challenged by the fact that banks, counter to all of our assumptions, do not wanna modify mortgages and they've made it very challenging to get homeowners that reduced monthly payment. In addition to that, we know that the best outcome for folks with overleveraged properties, as so many of the Council Members have noted, is a principal reduction; that's taking the outstanding mortgage that is owed and getting it down to the market value and that has to deal with a lot of these underwater mortgages that we were talking about, and obviously Southeast Queens has been particularly hit hard with that.

Principal reduction has been our holy grail and has been incredibly challenging for all of us to achieve principal reduction modifications for our homeowners; this is primary because Fannie and Freddie, under the direction of FHFA, are not allowed to give principal reduction modifications. So the things that we know are the most helpful in keeping somebody in their home, that is giving that reduced monthly payment and also reducing the outstanding

1 debt to what is market fair, is not an option. So  
2 that's an important context to set as we talk about,  
3 you know the ongoing problem and how we try to work  
4 around the structural barriers that we see on the  
5 bank level and then often coming from the federal  
6 government through FHFA. The vast majority of the  
7 homeowners that we see in this area have either a  
8 Freddie or Fannie loan, which is great; those are,  
9 you know, federally backed mortgages; that's what we  
10 want folks to have, so it's been so frustrating that  
11 throughout this process we haven't been able to get  
12 the feds to move that way.

14 So you have a lot of great content in  
15 your briefing memo about the existing state of  
16 foreclosure, so I'm not going to spend too much on  
17 time; that is also in my testimony. But as you've  
18 noted, this issue continues to be a daily source of  
19 frustration; what we've seen also is that homeowner  
20 are stuck in the foreclosure process for a very long  
21 time and every day that you're behind on your  
22 mortgage, the arrears accrue, the fees compound on  
23 top of it and that gets harder and harder. So the  
24 folks that we're seeing now who have been in  
25 foreclosure for a long time are particularly hard to

1 get into modification; right, your income has not  
2 increased with your debt and trying to reorganize  
3 that payment in a way that works is really hard. So  
4 that's an important thing to note about where we are  
5 today in 2015, compared to where we've been since the  
6 beginning. So getting folks into the door as soon as  
7 they have a problem is critical for us and a great  
8 way for us to be able to help people.

10 So we have issues with income being flat  
11 still, the debt is higher, we're obviously very  
12 concerned about neighborhoods like Southeast Queens,  
13 communities of color which have been  
14 disproportionately targeted through bad lending in  
15 the past; then with foreclosure and then often cases  
16 such as Canarsie and Southeast Queens then hit by  
17 Sandy and other challenges such as flood insurance.  
18 We still see a high number of new foreclosure filings  
19 -- 46,000 last year -- and you know it's very  
20 troubling to see that distress continue. We've  
21 talked a lot about the negative equity, the  
22 overleveraged and there are stats available about  
23 that -- 14 percent of New York State loans are  
24 underwater. And we talked a lot about how  
25 challenging it is for homeowners -- when you talk

about the length of time in foreclosure, it impacts the fact that banks aren't always kicking people out of their homes; right, so when you mentioned, Council Member Arroyo, about how many foreclosures have happened, a lot of folks are just stuck in this horrible holding pattern for a long time where the bank isn't moving towards the final state of foreclosure, but they're not offering them a mod and they're not negotiating with them to keep them in the home, so it's a really horrible limbo for homeowners to be in we don't always see that presented as somebody getting kicked out of their home, but it is a very difficult position for that person to be in; they probably can't sell their home for the amount that they owe because they are five years into the process.

Another horrible oddity about our work is that banks will not take partial payments once you've fallen behind by several months, so you're three months behind and you, you know, get back on your feet, you have the ability to start paying again; they say, no, no, no, I won't just take one month; you can't pay your fourth month until you can take the entire three months you owe me. So that's a



really important myth about the foreclosure process that we have to bust, so when people say that somebody's been sitting in their home for four years not paying their mortgage, they've probably been trying to give their bank money on a regular basis and the bank is saying, according to my agreement with my investors, I can't reinstate you into a regular payment until you've made that debt whole. And this is one of the ways that MAP program has been so critical, because what we can do is, we can reinstate a delinquent mortgage and get somebody back on their feet with that lump sum payment. Another way that we've been able to innovate with MAP is that now we're able to pay City tax liens to help somebody stay into an affordable mortgage. [background comment] Okay, I'm just skipping through this.

So we're very grateful for the Council's ongoing support and partnership with the City; I'm happy to answer specifics about that and obviously we wouldn't be here today [background comment] without your support. I think it's important to note that Attorney General Eric Schneiderman has been a real leader in this area; he's also, he and his office have tried to be very innovative in taking the

1 national mortgage settlement money and that was the  
2 first settlement that came in 2012 to support a  
3 statewide network that was really modeled on the  
4 Council's model with the Center, so there's a lot to  
5 be proud of there and I think New York has one of the  
6 strongest foreclosure prevention programs because of  
7 that. He's also looked at issues such as land banks  
8 and foreclosure prevention scam outreach and as I  
9 mentioned, he's supporting MAPS statewide.

11           So we're trying to figure out a way to  
12 deal with a lot of the overleveraged mortgages that  
13 are happening out there; you'll hear from some of our  
14 colleagues about some strategies that have been  
15 deployed in other parts of the country. One of the  
16 reasons it's so critical to us right now is that  
17 despite the fact that FHFA will not allow us to do  
18 principal reduction mods; they are starting to sell  
19 distressed notes at scale across the country, so it's  
20 incredibly infuriating, but rather than give, you  
21 know a homeowner that's in the home a modification,  
22 they will take the note, the lien and they'll sell it  
23 to an investor for pennies on the dollar. This is  
24 just starting to happen in the last couple months;  
25 FHA has been selling distressed FHA loans for a while

now and again, there are models in other parts of the country where folks are buying distressed FHA loans and figuring out a way to come up with community beneficial outcomes through the acquisition of those notes. But the fact that it's happening with Fannie and Freddie gives us an incredible amount of urgency right now, so we're really excited to work with the Council and with HPD to think about demanding real transparency from FHA about where these liens are. You know, I imagine that there's a huge concentration of them in Southeast Queens and Jamaica and we might finally be able to do something at scale and that really penetrates in these neighborhoods. So I think you now despite the frustrations we have experienced over the past several years, there's a real opportunity here.

So you'll see information on the Community Restoration Fund in my testimony, which is a concept we've all worked on to try and adjust that; in addition, we're trying to think of ways that we can preserve ongoing affordability in communities around New York City, which is one of the reasons that we're investigating the possibility of how community land trusts could help preserve

affordability with 1- to 4-family properties; there's some information on that as well. Also, we are trying to figure out how to learn lessons from our colleagues in multi-family development; you know you have an operating reserve for a large multi-family building; we think homeowners should have their own operating reserves, so we're trying to develop a home reserve program that will incentivize homeowners post-mod to have that rainy fund there if something goes wrong. In addition, this is something that we have focused on with seniors who are aging in place and have limited fixed incomes; our Housing Mobility Program helps homeowners who have decided they cannot afford the home identify appropriate housing, such as in senior housing, other parts of the city, rental housing.

And obviously we're very focused on homeowner outreach to get homeowners the most information possible so that they don't fall prey to some of the really abhorrent predatory practices that we seem to see come around in a perennial basis, so that's a huge priority for us as well.

So thank you so much for your attention  
to this critical issue and I look forward to  
answering any new and existing questions.

CO-CHAIRPERSON GARODNICK: Great. Thank  
you very much; I know we have a bunch here. So let  
me kick it off with just some nuts and bolts...

CHRISTIE PEALE: Okay.

CO-CHAIRPERSON GARODNICK: because I'm a  
little confused on... [interpose]

CHRISTIE PEALE: Sure.

CO-CHAIRPERSON GARODNICK: sources and  
uses of dollars in this process. The City testified  
before on this MAP program, so the loans... [interpose]

CHRISTIE PEALE: Correct.

CO-CHAIRPERSON GARODNICK: to people who  
need it was \$5 million from HPD and you testified I  
believe a moment ago that you all did \$7 million in  
that program; is that correct?

CHRISTIE PEALE: The New York City MAP  
program was funded with an initial \$5 million from  
New York City...

CO-CHAIRPERSON GARODNICK: Yeah.

CHRISTIE PEALE: and the source of that  
was Battery Park City funds; subsequent to that we

1 COMMITTEE ON COMMUNITY DEVELOPMENT JOINTLY WITH  
COMMITTEE ON ECONOMIC DEVELOPMENT

94

2 got money from the AG's office and we're running that  
3 program now statewide and we've done \$1.7 million in  
4 loans since last year with the New York State  
5 program... [crosstalk]

6 CO-CHAIRPERSON GARODNICK: Ah, oh sorry.  
7 So it was \$5 million from the City through Battery  
8 Park City and then \$1.7 million...

9 CHRISTIE PEALE: From the national  
10 mortgage settlements through the AG, the office of  
11 the AG... [crosstalk]

12 CO-CHAIRPERSON GARODNICK: So it's a  
13 total of a little bit under \$7 million?

14 CHRISTIE PEALE: for the MAP program.

15 CO-CHAIRPERSON GARODNICK: For MAP.  
16 Okay. So just... just on MAP only, for the moment...  
17 [crosstalk]

18 CHRISTIE PEALE: Yeah.

19 CO-CHAIRPERSON GARODNICK: are there more  
20 people who want and need the MAP program than we are  
21 currently able to fund?

22 CHRISTIE PEALE: Yes. And remember, it's  
23 a statewide program, so yeah.

24

25

COMMITTEE ON COMMUNITY DEVELOPMENT JOINTLY WITH  
COMMITTEE ON ECONOMIC DEVELOPMENT

95

CO-CHAIRPERSON GARODNICK: Okay. In New  
York City, how many people have benefited from the  
MAP program?

CHRISTIE PEALE: I have to give the  
breakdown of the folks that we've funded since July  
of last year because I have statewide numbers, which  
is 170 loans since last year... [interpose]

CO-CHAIRPERSON GARODNICK: Hundred-  
seventy...

CHRISTIE PEALE: one seven zero.

CO-CHAIRPERSON GARODNICK: Okay, 170  
home... [crosstalk]

CHRISTIE PEALE: People.

CO-CHAIRPERSON GARODNICK: People.

CHRISTIE PEALE: Yep.

CO-CHAIRPERSON GARODNICK: 'Kay.

CHRISTIE PEALE: In addition to the 250...  
I'm sorry, 230 from New York City MAP.

CO-CHAIRPERSON GARODNICK: Sorry; the 230  
from New York City MAP; that's the number that we  
heard from HPD?

CHRISTIE PEALE: Right.

CO-CHAIRPERSON GARODNICK: And then  
there's 170 that you have, but that's a statewide  
number, so a fraction... [crosstalk]

CHRISTIE PEALE: Right, so I have to get  
the breakdown of that, right.

CO-CHAIRPERSON GARODNICK: a fraction of  
170. Okay, so we're talking about somewhere in the  
ballpark around 300 or so in New York City...  
[interpose]

CHRISTIE PEALE: Well in fact, it is  
that.

CO-CHAIRPERSON GARODNICK: Yeah, okay; I  
got it. But just for perspective, it's 300 of the,  
you know, thousands who are suffering from this  
particular problem right now...

CHRISTIE PEALE: And these are folks that  
could not get a modification traditionally; right,  
so... [crosstalk]

CO-CHAIRPERSON GARODNICK: Okay. Right.  
So... [interpose]

CHRISTIE PEALE: It's the but for  
program.

CO-CHAIRPERSON GARODNICK: So how many  
people... so we have 300 who have taken advantage of



it, who both qualified for and have taken advantage of it; how many people are waiting to take advantage of it who have applied to take advantage of it and are not able today to take advantage of it?

CHRISTIE PEALE: We estimate that there are way more folks in need than we have capacity; right now we have a commitment of \$18 million from the AG for that program and as I mentioned, we've done \$1.7 million, but when we rolled out the program initially there was way more demand than we have the capacity to lend, so we wanna maximize every dollar. We often actually leverage the MAP funding with additional grant dollars to homeowners to make sure we can meet the gap from sources like the Bridge Fund and other places. But I'll get you an act number of the demand that we got; not every person who has expressed demand is an eligible applicant.

CO-CHAIRPERSON GARODNICK: Is there anymore money anticipated from the City through HPD?

CHRISTIE PEALE: Not that I know of right now.

CO-CHAIRPERSON GARODNICK: Okay. So there was the initial \$5 million but right now nothing more slated that you know of?

CHRISTIE PEALE: Not that I know of,  
yeah.

CO-CHAIRPERSON GARODNICK: Okay. In your  
testimony you cited the Center overall has been able  
to do \$30 million in direct assistance and \$21  
million in indirect assistance.

CHRISTIE PEALE: So these are grants to  
groups that provide direct services. So we have  
raised and granted out \$30 million since 2008..  
[interpose]

CO-CHAIRPERSON GARODNICK: Okay, let's  
talk about where you raised it from... [crosstalk]

CHRISTIE PEALE: Sure.

CO-CHAIRPERSON GARODNICK: was that from..  
[interpose]

CHRISTIE PEALE: City Council...

CO-CHAIRPERSON GARODNICK: Yep.

CHRISTIE PEALE: approximately \$5  
million, approximately five... I'm sorry; \$5.2 million  
from the City Council since 2008, \$5.6 million from  
HPD since 2008 and then the rest of the dollars were  
from other sources of funding.

CO-CHAIRPERSON GARODNICK: Other would  
include...

CHRISTIE PEALE: The Mayor's fund to advance New York City for Sandy, bank foundations, private foundations. And our motto has always been to take the public money and leverage private investment to make the public money go farther.

CO-CHAIRPERSON GARODNICK: Okay. How much... So that \$30 million is out the door already?

CHRISTIE PEALE: Yes.

CO-CHAIRPERSON GARODNICK: All of it?

CHRISTIE PEALE: Yeah.

CO-CHAIRPERSON GARODNICK: Okay. And how much more money do you have presently to allocate to various groups?

CHRISTIE PEALE: We currently... When the Center started, we were one of the primary funders of foreclose prevention services; our annual funding was around \$3 and \$4 million a year; subsequent to that, the State provided additional funding through HCR and the Attorney General's office also provided funding, so we now provide \$2 million in grants per year out the door. So the money that we've received to date we have allocated.

3 CO-CHAIRPERSON GARODNICK: Okay. So now  
4 we're at a \$2 million per year plus the \$18 million  
5 from the AG..

6 CHRISTIE PEALE: The AG fund's around  
7 \$7 million per year in foreclosure prevention  
8 services to New York City groups. The \$18 million is  
9 for the MAP program. Those are direct dollars to  
10 homeowners; the HOPP program is dollars to groups to  
11 provide services to homeowners. The HOPP program is  
12 the \$7 million per year.

13 CO-CHAIRPERSON GARODNICK: Okay, wait a  
14 minute. So let's just... I wanna make sure... sorry, but  
15 I... I... you know, I know you are steeped in this stuff,  
16 but we over here may not be, or at least I'm not. So  
17 we have... What do we call the program where the \$30  
18 million was allocated directly to the various groups?

19 CHRISTIE PEALE: That's the New York City  
20 Mortgage Foreclosure Prevention Program.

21 CO-CHAIRPERSON GARODNICK: Okay. And the  
22 \$18 million is called what...? [crosstalk]

23 CHRISTIE PEALE: Uh... the \$18 million I  
24 referenced is the New York State Mortgage Assistance  
25 Program.

CO-CHAIRPERSON GARODNICK: Okay, so we have the New York City Foreclosure Prevention Program and this is the New York State Mortgage Assistance Program.

CHRISTIE PEALE: I think the easiest way to separate it is by dollars to homeowners and dollars to groups. Okay... [crosstalk]

CO-CHAIRPERSON GARODNICK: Right; the first one was dollars to groups and the \$18 million in the Mortgage Assistance Program... [crosstalk]

CHRISTIE PEALE: Is direct to home...

CO-CHAIRPERSON GARODNICK: is dollars to homeowners through... [crosstalk]

CHRISTIE PEALE: Correct.

CO-CHAIRPERSON GARODNICK: loans?

CHRISTIE PEALE: Correct.

CO-CHAIRPERSON GARODNICK: Okay. Right, and that's MAP; that's the easy way, mortgage assistance... [crosstalk]

CHRISTIE PEALE: Yeah. Yeah.

CO-CHAIRPERSON GARODNICK: but I can get that. Okay. And then the \$7 million is what?

CHRISTIE PEALE: So the AG makes grants directly to groups in New York City through the

1 COMMITTEE ON COMMUNITY DEVELOPMENT JOINTLY WITH  
2 COMMITTEE ON ECONOMIC DEVELOPMENT

102

3 Homeowner Protect Program. The Homeowner Protection  
4 Program is a statewide network of legal services and  
5 housing counseling providers that also funds work to  
6 homeowners.

7 CO-CHAIRPERSON GARODNICK: Was... I'm  
8 sorry, was how much?

9 CHRISTIE PEALE: \$7 million...

10 CO-CHAIRPERSON GARODNICK: That was \$7  
11 million...

12 CHRISTIE PEALE: on New York City

13 CO-CHAIRPERSON GARODNICK: from the  
14 Homeowner Protection Program. Okay. So that's in  
15 addition to the \$18 million?

16 CHRISTIE PEALE: Correct.

17 CO-CHAIRPERSON GARODNICK: Okay.  
18 Alright. So we're at \$25 million from the AG, in one  
19 form or another...

20 CHRISTIE PEALE: Well it's actually been  
21 more than that, because... [crosstalk]

22 CO-CHAIRPERSON GARODNICK: 'Kay.

23 CHRISTIE PEALE: that's \$7 million per  
24 year.

25 CO-CHAIRPERSON GARODNICK: Okay...

[crosstalk]

COMMITTEE ON COMMUNITY DEVELOPMENT JOINTLY WITH  
COMMITTEE ON ECONOMIC DEVELOPMENT

103

CHRISTIE PEALE: So it was...

CO-CHAIRPERSON GARODNICK: and \$18

million is a one-time... [crosstalk]

CHRISTIE PEALE: Exactly, one-shot deal.

CO-CHAIRPERSON GARODNICK: the seven and...

and the HPP the Homeowner Protection Program...

[crosstalk]

CHRISTIE PEALE: Protection Program.

CO-CHAIRPERSON GARODNICK: is a \$7

million...

CHRISTIE PEALE: Per year.

CO-CHAIRPERSON GARODNICK: per year.

Okay.

CHRISTIE PEALE: HOPP we call it.

CO-CHAIRPERSON GARODNICK: What do you

call it?

CHRISTIE PEALE: HOPP.

CO-CHAIRPERSON GARODNICK: Oh HOPP, okay,

HOPP. Thanks.

CHAIRPERSON ARROYO: With two Ps.

CO-CHAIRPERSON GARODNICK: With two Ps,

right. Okay. So you're not getting a lot of money

from the City.

CHRISTIE PEALE: Our \$2 million commitment... the \$2 million NOFA has been consistent I think from the past three years.

CO-CHAIRPERSON GARODNICK: Is that sufficient for you to handle the New York City foreclosure crisis?

CHRISTIE PEALE: We think there is additional need out there.

CO-CHAIRPERSON GARODNICK: Okay; I agree. Let's talk about community decline for a second; very diplomatic. [laughter, background comment] I know that Donovan and Daneek will be less diplomatic when they say it, so... [laughter] Community decline, you know, this is an obvious problem and we were talking about it with HPD a few moments ago; the possible angles to deal with it. You know, there is a bill outstanding for the City to be able to get an injunction to clean up sites that are in pre-foreclosure, there's the issue of compliance bonds as a concept, which I'd like to hear from you on both of those, and then I wanna talk a little bit about the actual cleaning up of sites, which is an obvious legal challenge when you're talking about private sites of ambiguous ownership and how the City can



take any action at all there and how you all have  
thought about handling that. So if you could address  
all of those in one fell swoop, that would be very  
useful and it'll save me the trouble of asking them  
piecemeal... [interpose]

CHRISTIE PEALE: Okay.

CO-CHAIRPERSON GARODNICK: but it's  
compliance bonds, the injunction issue and then just  
generally cleaning up sites.

CHRISTIE PEALE: Okay. I regret I don't  
have information on the compliance bond  
recommendation; was that in the briefing packet?

CO-CHAIRPERSON GARODNICK: Isn't it?  
Yeah... [crosstalk]

CHRISTIE PEALE: 'Kay. So...

CO-CHAIRPERSON GARODNICK: Yeah it's in  
there... [crosstalk]

CHRISTIE PEALE: 'Kay.

CO-CHAIRPERSON GARODNICK: it's on Page  
12... I don't actually know what page it is, but...  
[laughter] but it's in there somewhere; it's in there  
some... we will talk about that separately; that's  
fine.

CHRISTIE PEALE: Okay. So I'm really happy to hear that the City is pursuing injunctive relief around getting earlier access to problematic properties. As we've talked about earlier, properties getting stuck in the foreclosure process; banks, once again, not moving, you know all the way to the end of the process and taking it to REO, which you know when you talk to restored homes folks to the challenge, is if they don't go to REO, you can't buy them at auction, so they're stuck in this limbo. So being able to say to the banks and servicers earlier, this is your responsibility; you need to maintain the property and for the City to be able to assert that right would be fantastic, so I think that's great progress; it's something that was put in place through the 2008 and 2009 state law, so that's good progress.

We've worked with the Wildcat Program and the Neighborhood Improvement Program that Council Member Richards talked about; it was actually initially funded through our funding as well, so I think that program can always use additional assistance; I think that program is a great vehicle for providing some of that interagency intelligence,

so you know where you have police, sanitation,  
housing counseling groups all coming together and  
looking at problematic properties collectively and  
figuring out what the right solution is. One of the  
most helpful thing, from our perspective, is to get  
addresses of properties you're concerned about so we  
can research them and understand where they are in  
the foreclosure process and who is responsible, you  
know, who's transferred the note to whom and it's  
usually a fairly messy and disgusting chain of title,  
so being able to do that research ahead of time and  
figure out who the responsible party is makes  
everybody's life, including Wildcat's a lot easier  
because then they know who to contact to get  
permission to go in and do a trash-out.

CO-CHAIRPERSON GARODNICK: 'Cause they  
need permission in that context, because it's private  
property; it's not -- you know, you can't just go on  
there, as much as anybody wants to -- I don't know  
what actually happens, but you know, as much as you  
wanna go clean up the site, it's technically not  
property that you're supposed to be accessing; is  
that...

CHRISTIE PEALE: That's why the  
injunctive release that... [interpose]

CO-CHAIRPERSON GARODNICK: Is so  
important.

CHRISTIE PEALE: Mr. Press mentioned...  
[crosstalk]

CO-CHAIRPERSON GARODNICK: Okay; can... So  
let's just talk -- I have one more big picture issue  
and then... [interpose]

CHRISTIE PEALE: Yeah.

CO-CHAIRPERSON GARODNICK: I'm gonna  
defer to my colleagues. This is... you noted the  
acquisition fund of distressed properties, which to  
me sounds like one of those big ideas that needs to  
happen where in one fell swoop you can really take  
aim at large numbers of these 1- to 4-family homes  
which are you now lingering out there and they're  
causing harm to neighborhoods and where you have  
people who are either occupying them or not occupying  
them and homes that could be rehabilitated to have  
people living in them. The process of trying to  
acquire those homes must be extremely complicated for  
a not-for-profit or for a city working with a not-  
for-profit; is that accurate?

CHRISTIE PEALE: Yes and... [interpose]

CO-CHAIRPERSON GARODNICK: Not at an auction; at an auction it's easy, 'cause you just show up and you buy it, but before an auction and anytime from pre-foreclosure to foreclosure.

CHRISTIE PEALE: It's very complicated; if you're doing an individual transaction, you can acquire a property pre-foreclosure, or pre-auction, I should say through a short sale or a deed in lieu transaction; that requires that the bank approve the ultimate sale and the ultimate buyer. What's happening now is that they're selling the notes in bulk at a discount, so you are able to, if you have the right financing and the right credentials and the right pieces in place, you are able to acquire a significant number of liens on properties in one fell swoop; then the work is to determine the appropriate outcome for each property on, again, on a home-by-home basis to make sure that it works for the individual occupants and the neighborhood.

CO-CHAIRPERSON GARODNICK: See, why couldn't the City or the Center working with the City or the Center working with the City and other philanthropic entities out there say to the banks

1 that are holding onto a lot of distressed properties  
2 that are sitting there doing absolutely nothing, say  
3 we're gonna do a reverse RFP here; you come to us and  
4 you tell us what you have to offer that is just  
5 sitting there abandoned, make us your best offer;  
6 right, it's gonna be at a discount, 'cause we're  
7 gonna buy them up all at once, and we go ahead and do  
8 that and they will compete with another; maybe it's a  
9 program for 200 homes; maybe it's a program for 500  
10 homes; maybe it's a program for a thousand homes;  
11 whatever it is, they compete for the opportunity to  
12 get rid of all of those notes which are doing nothing  
13 for them, they're not collecting a dime on any of  
14 those mortgages anymore, they're just creating blight  
15 and everybody's getting angry at the banks for doing  
16 nothing, sell them to that intermediary, turn it  
17 around; much like what you're describing in that  
18 acquisition fund, but do it in a large number and a  
19 dramatic number so that we can actually take aim at a  
20 lot of properties all at once.

22 CHRISTIE PEALE: I think we should  
23 absolutely pursue it and I think it's our, you know...  
24 It's imperative that we investigate all these  
25 options.

1 COMMITTEE ON COMMUNITY DEVELOPMENT JOINTLY WITH  
COMMITTEE ON ECONOMIC DEVELOPMENT 111

2 CO-CHAIRPERSON GARODNICK: How much would  
3 it cost to do that at the scale of, I don't know --  
4 ballpark; you're not gonna be able to answer this  
5 question; there's no answer... [crosstalk]

6 CHRISTIE PEALE: So...

7 CO-CHAIRPERSON GARODNICK: to this  
8 question, but like 200 homes, 500 homes, a thousand  
9 homes of 1 to 4... you know like if we took the New  
10 York City average of 1 to 4 homes that are, you know,  
11 under water, abandoned; you know the criteria that  
12 I'm... [crosstalk]

13 CHRISTIE PEALE: Yeah.

14 CO-CHAIRPERSON GARODNICK: looking for,  
15 and you say, well we wanna do a thousand of them;  
16 maybe we wanna just do a thousand in Southeast  
17 Queens; what sort of an investment do we need,  
18 because the money's gonna gone back ultimately...  
19 [interpose]

20 CHRISTIE PEALE: Right.

21 CO-CHAIRPERSON GARODNICK: to the City,  
22 so this is just a float; this is just a matter of our  
23 putting it out there and finding people who need the  
24 homes and who, you know, can support the loans and  
25 have the City and the not-for-profit be the

intermediary; what sort of a program would we need  
and what size to do something really big?

CHRISTIE PEALE: So it absolutely depends  
on what you wanna get, and when you talk to the folks  
that do this, you know the hedge funds and other  
folks that buy pools, they shape their pool; they say  
this is the criteria that I want and so the number  
would depend on how we shape the criteria. So if  
it's just one community, it's loans in a certain  
amount of distress that's gonna determine it, because  
if you spread it across different communities and  
even across a region, you might get a cheaper offer  
price. So I would hate to guess; I think it's a  
significant amount of money, but I would love to work  
with you to figure out what that number is...

[crosstalk]

CO-CHAIRPERSON GARODNICK: I think we  
should and you know... [crosstalk]

CHRISTIE PEALE: Yeah.

CO-CHAIRPERSON GARODNICK: if we could  
even just take the areas -- you know Chair Arroyo has  
her map open over here where we were looking at  
Southeast Queens and Staten Island as being, you know  
the real focal points for the problem... [interpose]



COUNCIL MEMBER RICHARDS: Especially  
Rockaways.

CO-CHAIRPERSON GARODNICK: and Rockaway,  
it... so... yeah, exactly, so you know if we were to...  
well we should have this conversation, because I  
think that this is a problem that's screaming for a  
big solution and it feels like we are [background  
comments] on the margins here, despite all best  
efforts and a lot of great work by you guys; it feels  
like we're on the margins and we need to... and the  
stats for New York City are not pretty right now and  
you know, we're among the very worst and we're not  
getting a whole lot better, so I think that we should  
talk about that and we should think through what a  
creative, big solution might look like. So I'm  
gonna... [crosstalk]

CHRISTIE PEALE: I would be welcome...

CO-CHAIRPERSON GARODNICK: stop there and  
I'm gonna go to Chair Arroyo.

CHAIRPERSON ARROYO: Thank you, Mr. Chair  
and thank you for being here; for your testimony.

When HPD testified the creation of the  
Center was -- it's an animal of government; I  
remember Animal Care and Control [background comment]

1 in the City and the almost disaster that resulted out  
2 of that government-created entity and the challenges  
3 that we and the advocates and the animal protection  
4 work have raised over the years about how that entity  
5 performed, the lack of independence from the City,  
6 the actual control of the commissioner from the  
7 Department of Health and as the commissioner sits on  
8 this board, to me -- I was like, oh my god, I've seen  
9 this movie before and it's taken years to get AC&C on  
10 a real strong, independent path so that it can  
11 control the work that it does in our city. I don't  
12 wanna create a problem where there may not be one,  
13 but how are you guys doing under this governing  
14 structure?

16 CHRISTIE PEALE: So I think we're very  
17 self-conscious about being compliant with all  
18 regulations and laws; we just recently updated our  
19 bylaws in compliance with the New York State  
20 Nonprofit Revitalization Act and we have very clear  
21 procedures in place to establish where there's a  
22 related party transaction and any conflicts in the  
23 process to make sure that the Board is aware of all  
24 of the relationships of the different board members,  
25 including the Commissioner and Council Member

Richards. So I would say that we feel like we have very good board governance; we have a very transparent reporting process; I'm happy to share any of our audits with you. I'm not sure if I'm answering your question correctly, 'cause actually I'm not familiar with the case example that you gave.

CHAIRPERSON ARROYO: Okay. But I am and that's why I'm concerned... [crosstalk]

CHRISTIE PEALE: Right. Yeah.  
[background comments] So... how can I... [interpose]

CHAIRPERSON ARROYO: So... and you know, the challenge for AC&C was always walking a very tight rope because of the governing structure and who sits on that board, and the advocates eventually made some very strong recommendations that there be -- make it a fully independent governing board, free from the government, commissioner influence on the Board, and it's been a challenge, it's been a real challenge, so when I heard the testimony, my head almost fell off, because I've seen the movie before and it's been a very complex and challenging process to get that entity to be viewed by those who rely on it to work as a strong independent entity that's gonna do the work that's required of it to do, and

I'm not making any accusations here, but raise the issue for those of us who are involved in the process to pay attention. Right?

I love your handout and yes, it looks like there's a lot of work that needs to be done in the North Bronx, in Staten Island and certainly in Queens. So Dan says maybe we should go to Staten Island next. [background comment] The graph is difficult to understand; I'm not sure if it's that it was in color, but the lines kinda blur, so I can't tell what's the Bronx, what's Queens and what's Manhattan... [crosstalk]

CHRISTIE PEALE: We'll give you separate breakouts. Yeah.

CHAIRPERSON ARROYO: so we need a new printout.

You have some really good recommendations; in your testimony you didn't go over all of them, but where are you in the process of making a presentation to HPD and/or the Council; how are you gonna roll these out for us to engage in a conversation about which ones are low-hanging fruit; which ones require a little bit more planning and strategizing to accomplish?

CHRISTIE PEALE: So... [interpose]

CHAIRPERSON ARROYO: Assuming that everyone's in agreement that these are good recommendations.

CHRISTIE PEALE: I wanna address any low-hanging fruit right away. I would just say that we are -- in terms of the Neighborhood Recovery Fund, we've done a lot of work with a network of statewide advocates to workshop that concept and we are just beginning to roll that out locally within the city infrastructure, so we just scheduled time with HPD as of conversations last week, so that conversation is just starting with HPD and we would love to schedule time with the Council to discuss it as well or in conjunction. The Community Land Trust concept, we're just -- we have a meeting with a group of stakeholders next month and we've invited the Commissioner staff as well as Council Member Richards to you know, think about that concept as well. Again, you know, acquisition of properties is really a challenge here, so we wanna make sure we're exploring all of our options to acquire properties at a low cost so that we can maintain that long-term affordability through the land trust structure, so

1 COMMITTEE ON COMMUNITY DEVELOPMENT JOINTLY WITH  
2 COMMITTEE ON ECONOMIC DEVELOPMENT

118

3 we're still in the -- I would say we're still in the  
4 feasibility stage of conversations around the land  
5 trust. And -- I'm just looking at some... [crosstalk]

6 CHAIRPERSON ARROYO: So rather than...

7 CHRISTIE PEALE: Yeah, go piece by piece;  
8 I'm not gonna [sic]...

9 CHAIRPERSON ARROYO: sit here and go  
10 through every single one, I think one of the things  
11 that has to happen is that we have to set out a  
12 course... [crosstalk]

13 CHRISTIE PEALE: Great. That would be  
14 great.

15 CHAIRPERSON ARROYO: on one, agreeing  
16 which ones we're gonna move forward; is there a need  
17 for some funding allocations to energize the efforts;  
18 we are in the middle of budget negotiations and what  
19 skin in the game is the agency gonna put in, is the  
20 Council gonna put in to further support the work of  
21 the Center that I hear overwhelmingly may not be  
22 enough skin. So you're funded 1.2 by the  
23 Administration and 750 by the Council to run your  
24 operation; this is your operating budget.  
25

COMMITTEE ON COMMUNITY DEVELOPMENT JOINTLY WITH  
COMMITTEE ON ECONOMIC DEVELOPMENT

119

CHRISTIE PEALE: The money that we raised from HPD and the Council is entirely regranted to our groups.

CHAIRPERSON ARROYO: I'm sorry?

CHRISTIE PEALE: The money that we raised, the public money that we raised is regranted entirely to the groups that provide the direct services.

CHAIRPERSON ARROYO: How do you run your operation; how many staff do you have?

CHRISTIE PEALE: We have approximately 35 staff and we have a number of government contracts and foundation grants that pay for our admin and we have been able to essentially reserve the money that we raise from the City to entirely regrant to our groups.

CHAIRPERSON ARROYO: Okay. So the \$2 million is not any operational funds for the Center?

CHRISTIE PEALE: In fact this year it's 750 and 750; it was a little bit higher last year because of the way funding got, on the HPD side, got distributed over a couple of years, but it's 750 and 750 for FY15.

CHAIRPERSON ARROYO: So HPD reduced its allocation?

CHRISTIE PEALE: I'm averaging over several years. It's a three-year contract that we have with HPD.

CHAIRPERSON ARROYO: So the 1.2 is over the course of three years; I'm confused now?

CHRISTIE PEALE: It's a \$3 million contract over three years, but the first year had two fiscal year allocations in it because there was a gap year.

CHAIRPERSON ARROYO: Okay. Well I guess for internal conversations is one of the points here; how much skin are we required to put in the game and how much are we; what's the gap and how much of these recommendations or how much is needed... [interpose]

CHRISTIE PEALE: Right.

CHAIRPERSON ARROYO: to get some of the recommendations that you're proposing in your testimony moving forward? I think that the goal of the hearing is to try to identify where we can identify new initiatives and/or strengthen the work that's already been done, assuming of course that we agree that it's good work and that it requires



1 further investment. I'm not convinced that we're  
2 doing the best that we can, given all of the  
3 challenges that these homeowners are facing; why are  
4 they in foreclosure for so long; the fact that a bank  
5 will not take -- I mean is that a good business  
6 decision not to take money from somebody who owes you  
7 money -- just, I'm not [background comment]  
8 understanding that. So thank you, Mr. Chair.

9  
10 CO-CHAIRPERSON GARODNICK: Thank you,  
11 Chair Arroyo. We're now gonna go to Council Member  
12 Richards.

13 COUNCIL MEMBER RICHARDS: Thank you and I  
14 am independent of the Board, even though I'm on the  
15 Board, sort of. [laughter] But I wanna thank  
16 Christine for all of the work that the Board is  
17 doing. And once again, I'm not just saying this  
18 because they're here, but as a newly appointed board  
19 member; think I've only been appointed for like a  
20 month or two now, I've seen some of the work and I've  
21 seen their dedication and the work that their staff  
22 is certainly doing out there and I just wanna echo  
23 what you said, that it's still not enough and I know  
24 that, you know I'm certainly feeling around to sort  
25 of get where we're at in terms of need and I

1 certainly sense that -- as HPD leaves -- that there  
2 is -- okay, got you -- [laughter, background  
3 comments] that there is a need for more money here  
4 and I'm hoping that once again HPD is going to really  
5 put a new energy and the Admin behind this  
6 organization, and as well as the Council, because  
7 it's in our, you know -- and more be Admin; let's be  
8 clear, but you know, we have a vested interested in  
9 ensuring that our communities are doing better in  
10 this area.  
11

12 I just want to ask you a question. So do  
13 you foresee or are you hearing from many of the  
14 organizations you're working with that the banks are  
15 going back to their bad habits yet? And so that's a...  
16 [interpose]

17 CHRISTIE PEALE: Which bad habits?

18 COUNCIL MEMBER RICHARDS: Of lending to  
19 people... [laughter] yeah, their many sins. Alright,  
20 so let's go into two. One; are we seeing  
21 modifications happen more frequently now, and I sort  
22 of know the answer to the question, but I just wanna  
23 hear it from you, and then two; are they going back  
24 to predatory lending now that, you know, they've been  
25 infused with all of this federal money?

CHRISTIE PEALE: What we have seen is that they are still dragging their feet on modifications; they're still dragging their feet on loss mitigation; the banks really have not invested as much money in the infrastructure that they need to help homeowners get through the process and that makes it really difficult for our folks to get their clients through. So I would say that that bad habit has never gone away; [background comment] in terms of new lending, what we've seen is a tightening of credit and what we've seen is an increase in predatory practices from nontraditional actors or nonregulated actors, and that's where we're really concerned that there will be the same negative impacts; it's not necessarily mortgage-backed securities being pushed on communities through predatory lending, but there are some really negative and harmful practices that are happening out there and I know some of my colleagues that are here will give you more specific examples.

COUNCIL MEMBER RICHARDS: And then lastly, so can you give us a ballpark figure of -- and I know this can be, you know -- well I won't go there -- well it could be tough, but how much do you

guys need or what more an increase do you guys need  
to really have an operation that will be able to beef  
up around a lot of these initiatives that, you know,  
we are going to be pursuing in the near future?

CHRISTIE PEALE: I would love to get back  
to you with a... [crosstalk]

COUNCIL MEMBER RICHARDS: Okay.

CHRISTIE PEALE: specific figure and I  
think that what we've been doing is talking to our  
network partners to make sure that we're continuing  
to meet the need of homeowners that were needing any  
emerging new needs and that we're gap-filling and  
supporting other initiatives where they might have  
lost other funding. So it's a fluid picture, so I  
would love to talk with our network and get back to  
you, if that's okay... [crosstalk]

COUNCIL MEMBER RICHARDS: Alright; you  
should do that very...

CHRISTIE PEALE: I will.

COUNCIL MEMBER RICHARDS: and get back to  
the Committee, obviously... [crosstalk]

CHRISTIE PEALE: And also, I wanna make  
sure we're specific about which areas we're focused

on; right? So if we're talking about services to homeowners, there's an impact; if we're talking about starting a new program, it looks like something different; if we're gap-filling around an existing program, that's something else, so we'll get back to you -- we'll discuss some specifics and then get you an exact number... [crosstalk]

COUNCIL MEMBER RICHARDS: Okay, great.

CHRISTIE PEALE: Okay.

COUNCIL MEMBER RICHARDS: Thank you so much; appreciate it; continue the good work.

CHRISTIE PEALE: Thank you.

CO-CHAIRPERSON GARODNICK: Council Member... [interpose, background comments] Council Member Miller -- So there's a time for testimony from the public [background comments] and we're coming to you soon. We're gonna go to Council Member Miller.

[background comment]

COUNCIL MEMBER MILLER: So obviously Southeast Queens makes up about a third of the foreclosures in the City of New York; is that consistent with your client base?

CHRISTIE PEALE: Yes. I think our client base is actually a little bit higher; I think

COMMITTEE ON COMMUNITY DEVELOPMENT JOINTLY WITH  
COMMITTEE ON ECONOMIC DEVELOPMENT

126

probably between 30 and 40 percent of our clients are  
in Queens.

COUNCIL MEMBER MILLER: So is that  
because of the partner groups that you work with and  
if so, could you identify some of those groups..  
[crosstalk]

CHRISTIE PEALE: Uh yeah...

COUNCIL MEMBER MILLER: that are working  
here, 'cause I'm probably more familiar with them  
than I am with the Center and I wanna...

CHRISTIE PEALE: Sure. So NHS of  
Jamaica, Legal Aid Society, Legal Services Queens,  
Parodneck does work out here, MHANY does work out  
here, CHHAYA does work in Queens; Margert does work  
in Queens... [background comments] They're from Legal  
Aid.

COUNCIL MEMBER MILLER: This is in  
Queens, yes.

[background comment]

CHRISTIE PEALE: Sorry; NYLAG,  
[background comments] I got [sic] NHS of Jamaica. So  
you know we have been very cognizant under the  
watchful eye of our Program Director, Lucy Raimes to  
make sure when we're putting out the \$2 million that

we're focusing our resources on need, so we've obviously focused a tremendous amount of resources for counseling groups in Queens and that means that where we've served a lot of folks, because we focused grants to groups in Queens... [interpose]

COUNCIL MEMBER MILLER: That is... yeah, that is comforting to hear. I just have one other question and in your opinion, what kinda advocacy do you think is necessary to move banks in an impactful way?

CHRISTIE PEALE: So I think that what the Council and the City can go right now is really focus on the two issues of principal reduction and distress asset sales, because the banks will always hide behind their federal regulators and say you know we're not able to do what you need us to do because the OCC or FHA or FHFA won't let us. So being able to really push the federal government to say New York needs transparency, we need data on liens that are getting sold and we need Mel Watt to allow principal reduction for Fannie and Freddie loans, and that would be transformative. So it's something that we've talked about consistently, what it means with the bank settlements is that every time there's a

bank settlement where there are dollars that should go to homeowners [background comment] for principal reduction, the banks aren't able to give it to a huge number of homeowners that did the right thing and got a Fannie or Freddie loan. So it's incredibly frustrating; anything that we can do to advocate with our reps, congressional representatives [background comment] from New York City and the Congressional Black Caucus, putting pressure on Mel Watt would be incredibly helpful. So I think we have an opportunity to create a real regional push between the city, the state and the federal level to get progress there.

COUNCIL MEMBER MILLER: Thank you so much; thank you for your time; appreciate it...  
[crosstalk]

CHRISTIE PEALE: Okay, thank you.

CO-CHAIRPERSON GARODNICK: Thank you.

Well we could probably have this conversation for the rest of the day with you, even specifically, but in the interest of your time and the Committees' time and folks who are here to testify, I think we'll leave it there, but I think that there's an opportunity here for us to think big together and to



come up with some interesting solutions and I know that my colleagues very much want this and I can tell from your testimony this is clearly what you wake up in the morning and think about and probably think about when you go to sleep at night, so we want to work after this hearing to think about what we can do here, so.

CHRISTIE PEALE: That would be fantastic.

CO-CHAIRPERSON GARODNICK: Thank you, and thank you -- was there something else you wanted to add?

CHRISTIE PEALE: Just thank you for your leadership and your vision on this issue; we're very grateful.

CO-CHAIRPERSON GARODNICK: Thank you for that. Okay, our next panel is going to be Robert Tilley of [background comment] Neighborhood Housing Services of Jamaica; Jaime Weisberg of ANHD; [background comment] Ismene Speliotis, Mutual Housing Association of New York, and Rose Marie Cantanno of NYLAG. I'm sorry if I'm doing damage to your names; I blame your handwriting. [laughter] [background comments]

Welcome to all of you and... well there's one microphone and it seems to be situated in front of you, so why don't you go ahead [laughter] and get started, if that's okay or you can defer to whoever you like. [background comments] Okay. Go ahead.

ISMENE SPELIOTIS: Okay. My name's Ismene Speliotis and I am the Executive Director of the Mutual Housing Association of New York and I am extremely grateful that the Council is holding this hearing on this really, really critical issue. I think I only get three minutes, so I'm going to skip the need; I think it's been really documented and I just wanna say that the crisis is absolutely not over and the Council people here are living it and the counselors and legal services people who are counseling folks are living it and the homeowners who are here are living it, and their neighbors are living it, so I'm really glad that we have finally really put this on the radar. The problem in New York City actually is huge and as you said, Councilman Garodnick, continues to grow.

New York City has the seventh highest number of underwater homes in the country and the collective value -- this is an Economic Development

1 and Community Development hearing -- is over \$13  
2 billion, the impact of these foreclosed homes, and  
3 what we need, as you mentioned just a few short  
4 minutes ago is the need for a more expansive and  
5 creative solution to this crisis and we have  
6 absolutely done -- you know, the Center for New York  
7 City Neighborhoods and the work that the groups have  
8 done has been fine and good with the resources that  
9 we've been given and the banks' recalcitrance and  
10 unwillingness to actually make modifications and that  
11 work needs to go on even with the solutions and the  
12 recommendations that I'm gonna throw -- I'm gonna  
13 jump to recommendations right away.

14  
15 So what we've been working on is how to  
16 get the banks to do principal reduction, okay; you  
17 will hear this over and over again, and when we  
18 started the conversation with Councilman Miller and  
19 Councilman Richards, the idea for eminent domain,  
20 because the banks were absolutely not budging at all,  
21 Freddie, Fannie and FHA were not budging at all;  
22 Center for New York City Neighborhoods was one loan  
23 at a time getting modifications, like grueling,  
24 grueling and meanwhile, FHA started to sell these  
25 enormous bundles of loans at a discount and so then,

and Councilman Miller asked, what can we do; we have organized at the national level, at the city level; at the state level to get the banks to do the right thing; one, through the national settlement and through the individual bank settlements with Chase, Bank of America and Citibank and more to come and so there's money available now to do exactly what we've been talking about, which is this fund that will allow us to go shopping, either direct negotiations, okay, that the City Council with the Mayor go directly to FHA and say we want the loans in our neighborhoods to come to us and then whether it's through Neighborhood Restore or Center for New York City Neighborhoods and their groups and then we will be responsible for those outcomes. And if that happens, the changes and the number of modifications and the people's homes and the neighborhoods saved and the money infused back in our neighborhoods will be exponential because then we will be holding our destiny because we will have those notes and we will be able to then make the modifications or have the correct outcomes for the people [bell] and for their neighbors if we actually pursue these big changes that you've asked is it possible; it is possible.

CO-CHAIRPERSON GARODNICK: Thank you.

JAIME WEISBERG: Good afternoon.

[background comment] My name is Jaime Weisberg; I'm the Senior Campaign Analyst at the Association for Neighborhood and Housing Development and I really thank you for holding this hearing; we appreciate the opportunity to testify.

ANHD represents 99 neighborhood-based community development organizations, CDC's equitable economic development organizations around the city. And again, I won't echo the need, but I will share three stories from our members who are also part of the mortgage coalition and part of CNYC.

Just to show the range of stories that are impacting our communities around the city, one of which is this homeowner in Brooklyn who had been receiving counseling from HCCI up in Harlem; they had two loans with negative amortization and a large payment due at the end, and Mr. K was forced to look for a new job and his new job pays \$15,000 less than he was making before and they're just barely making payments. They were able to get a loan modification after a long time, but no principal reduction and so they still owe a lot of money at the end and they

1       tried to refinance, but because their home was under  
2       water and other homes in the neighborhood they could  
3       not get a more conventional loan, so that's one  
4       situation.  
5

6               The abandoned homes is another issue and  
7       we know that that is on the rise in New York City and  
8       in New York State. There's a woman in Staten Island  
9       who is trying to prevent her own foreclosure and  
10      working with the counselor Neighbors Helping Neighbor  
11      in Brooklyn, [background comments] but the house next  
12      to hers has been abandoned for years and it's  
13      deteriorating and might actually collapse on her own  
14      home, so now she might have that financial crisis on  
15      top of what she's already dealing with. And the City  
16      inspectors condemned the home; it a health hazard,  
17      but it's unclear who will pay for it and if it does  
18      fall on her home, who will pay for that?

19             And then finally, directly related even  
20      more so to economic development is small business  
21      owners who often rely on their own personal credit to  
22      get a loan and so there's a business, for example,  
23      that's a certified minority business enterprise and  
24      the owner of the business actually had a very good  
25      credit score until trying to get a loan modification;

their credit score dropped 100 points in three months 'cause they weren't able to get a loan from their bank, so BA Capital stepped in and was able to provide them with a loan that helped them transform their business, but they couldn't get it from a bank and so given limited resources to CDFIs and how less known they are, this is an issue.

So those are just some of the ways that it's impacting our city economically. So to echo the recommendations from my colleagues to support homeowners in that risk of foreclosure, the Responsible Banking Act is the act that ANHD worked very hard on and it's a way to raise transparency in the city for what banks are doing. It's a very strong transparency law and we think it's an incredible opportunity to see what principal reduction banks are giving, as well as all the other ways they are or not managing the homes that are in foreclosure. So I think that's an excellent tool to really leverage city resources. The Community Restoration Fund as well to purchase distressed properties and to combat predatory practices targeted at homeowners is another [bell] opportunity.

CO-CHAIRPERSON GARODNICK: Thank you.

[background comments, laughter]

ROSE MARIE CANTANNO: My name is Rose Marie Cantanno; I'm the Supervising Attorney of the Foreclosure Prevention Project at NYLAG and we have the privilege of helping homeowners in all five boroughs. And just again; not to drill it into you [sic], but to give you an example of why I feel like something like the Community Restoration Fund, where we can take more control is -- Okay, so I have a lot of senior citizen clients; in fact our highest growing population right now are clients between 65 and 90 years old that come into our clinics. So I have someone who comes in who owes a big lender \$300,000 on their home; the only way they could really keep their home might be to get a reverse mortgage, but under the reverse mortgage rules, you can only borrow to a certain amount of the equity in your home and they just recently actually brought down those numbers so that the senior can borrow less. So I need to -- I have a \$30,000 gap, so I only have \$270,000 to give to the lender; I go to them and I say, I need you to give me a reduction, down to 270 and they will tell me no; if she sells her house to a stranger, they will give me the



\$30,000 reduction, but I have had a big lender tell me that it would not be moral to leave her in the home after she signed that mortgage note. Something like the Community Restoration Fund would allow if a not-for-profit owned that note to negotiate that and pay the 270 and leave that woman in her home for the next 10 years, so that's why we need this bigger picture.

[background comments, laughter]

ROBERT TILLEY: Good afternoon; thank you for this opportunity to address the City Council and for the funding the City Council provides us, including our local Council Members Miller and Donovan Richards.

I'm Robert Tilley from Neighborhood Housing Services of Jamaica; we're a HUD-approved housing counseling agency that's served the community for 40 years. And the other persons who testified, I won't echo their comments, but I will support them wholeheartedly.

Here at NHSJ, we would describe the foreclosure crisis not only as ongoing, but chronic and we wanna basically say that the homeowners are suffering from the effects of the recession still and

that under-employment and unemployment affects their ability to pay for their mortgages and also to do everything when it comes to their home finances, so that's a real challenge.

Experiencing hardship includes traditional situations beyond the control of the homeowner, like death, disability and divorce. What doesn't help is the predatory and subprime lending practices that created the crisis in the first place, particularly the run-up in home prices that peaked at the height of the subprime lending which continues to plague homeowners who are struggling to pay high mortgage payments with increasing property taxes and property insurance premiums; layering on top of such high-cost loans other increased costs further amplifies the cost of homeownership for homeowners struggling with hardship.

We are seeing more homeowners in our office who have received previous loan modifications, including HAMP modifications who are redefaulting due to renewed financial hardships and the resetting of the interest rates on their loan. One person that we're working with right now from Ozone Park who is disabled, is current with his HAMP mortgage, but now

1 he's seeing the reset of his interest rate and over  
2 the next two years his mortgage payment will go up by  
3 \$100 a month each year. Now he's in imminent default  
4 at the risk of falling behind and what we're trying  
5 to do is get his mortgage company to give him another  
6 modification that will give him a lower interest rate  
7 than the reset that he will get next year, in year  
8 seven of his mortgage.  
9

10 We made reference to earlier foreclosure  
11 filings and foreclosure rates; a review of  
12 PropertyShark data from just last week shows that in  
13 our service area, which includes Southeast Queens,  
14 primarily, there were 76 lis pendens filed against  
15 homeowners in Boards 12, 13, 9 and 10. If you were  
16 to take that 76 and multiply it by 52, if that were  
17 to happen, that's a really astronomical number.

18 The continuing chronic nature of the  
19 foreclosure crisis -- god, nine seconds -- laughter  
20 and I just wanna echo the comments of ANHD about the  
21 Responsible Lending Act; we looked at FDIC deposit  
22 data in our community [bell] and the banks are  
23 holding \$1.83 billion of peoples' deposits and the  
24 banks need to be a partner in offering affordable  
25 solutions for homeowners, writing down principal on

loans in order to give financial security for the people going forward, helping them build wealth and to have affordable mortgage loans once again that they can pay on time. Thank you.

CO-CHAIRPERSON GARODNICK: Thanks for that. Before you go... Before you go; we've got a couple questions for you guys. Off the bat, and I know you all have a strong feeling on this subject; the banks aren't doing the, or at least historically have not been and it sounds like they're still not doing principal reductions, and the way you described it a moment ago was that it was couched, in moral terms, that somehow if you make an obligation you should live up to it, which of course we all agree with, and yet the result and the outcome is bad for the owner and bad for the bank, so my question for you all is; why are the banks, from an economic perspective, so resistant to doing principal reductions or any other workouts or modifications in this context when it's really not even in their interest; what is it, what is the problem; why are they not willing? [background comments] And you can... you... any... yeah.

ROSE MARIE CANTANNO: Real quickly. I know before we were talking about these, and one thing I found, just in general, is that the one thing that does not seem to be included in any of this is commonsense; [background comments] I always tell my new attorneys... [crosstalk]

CHAIRPERSON ARROYO: I don't feel so bad now.

ROSE MARIE CANTANNO: you know, don't... yeah, there is no commonsense. I have been told, and I am not an accountant, that in a lot of cases they do better tax-wise and whatnot if they take it as a loss in [background comment] the big account world than with the, you know, actually getting back -- 'cause when they take back... [interpose]

CO-CHAIRPERSON GARODNICK: Wait, wait, wait, wait, wait, if they take it as a loss, as in if they reduce the principal amount?

ROSE MARIE CANTANNO: No... [crosstalk]

CO-CHAIRPERSON GARODNICK: No.

ROSE MARIE CANTANNO: if they foreclose...

CO-CHAIRPERSON GARODNICK: Oh if they foreclose... [crosstalk]

ROSE MARIE CANTANNO: so...

CO-CHAIRPERSON GARODNICK: but they're not foreclosing either, they're just going in the middle, so that doesn't really... [background comments] Anyway, I'm sorry to interrupt you.

ROSE MARIE CANTANNO: So thought the banks do... they do foreclose and they will pick which properties in a lot of cases they want to foreclose on, so if you have a property where there is equity and/or it is a property they know they're gonna be turning over, it's got a really good rent role, whatnot, you know those properties they do quicker to foreclose on; what they don't wanna do is come in and help the neighborhoods where in those vacant and abandoned properties that need to be taken back and they need to have someone responsible for them and they need to sell them to people who wanna move into the neighborhoods and become productive citizens in that neighborhood, rather than having people leave because they can't refinance their home, even if they have perfect credit, they have a good job, you can't refinance your home if the home next to you is boarded up as a foreclosure.

CO-CHAIRPERSON GARODNICK: Right. But in the scenario where you're not talking about a great

rent role, [background comment] you're talking about  
a small 1- to 4-family place where they're not  
actually moving quickly to foreclosure, they're  
actually starting foreclosure and then just sort of  
leaving it be; what is the rationale for them not to  
work out that loan with the person's who occupying  
that property?

ISMENE SPELIOTIS: I just wanna say, and  
I'm not defending them and I don't necessarily  
believe them, but you know, there are, as Christie  
mentioned, you know, there are investor rules, okay,  
that have actually limited -- and I'm so not  
defending the banks, okay [laughter]. So this moral  
hazard that they hide behind has been huge, but at  
the same time there really are kind of impediments in  
the servicing agreements that have interfered,  
whether it's that Fannie and Freddie wouldn't allow  
principal reduction; they... you know as soon as you  
get a mortgage, literally before the ink is dry, it  
goes to the secondary market -- FHA, Freddie, Fannie  
-- and other investors and they have rules and so  
these private label securities, which in the material  
that I distributed, is a report to that and the  
private label securities have -- you know they

1 bundled the loans and they couldn't kind of figure  
2 out how to kind of save Council Member Arroyo's loan  
3 or you know, kind of individually and so that's why  
4 these bold solutions where you come in and buy the  
5 pool, you know, so then that kind of... those  
6 limitations and those restrictions within those  
7 servicing agreements, whether they were hiding behind  
8 them or not, are removed... [interpose]

10 CO-CHAIRPERSON GARODNICK: Right, 'cause  
11 there's a new owner now.

12 ISMENE SPELIOTIS: exactly, and so you  
13 renegotiate how you can -- then the outcomes are  
14 renegotiated.

15 CO-CHAIRPERSON GARODNICK: And it sounded  
16 like, from your testimony, that the best and most  
17 efficient route to buy up pools of defaulted  
18 mortgages is to go directly to FHA as opposed to try  
19 to do what I had, you know sort of floated with the  
20 Center.

21 ISMENE SPELIOTIS: Well we've tried all  
22 of those and so we are so excited that now we could  
23 maybe do this together; okay? And FHA, just in  
24 February of this year, okay, finally -- okay, so  
25 they've been selling in these enormous bundles, you



1 know \$700 million, \$1 billion, okay, so you asked  
2 what the number was, okay; the numbers, in terms of  
3 how they've bundled these notes and then put them on  
4 the market, only like private equity and often really  
5 bad people, bad actors, have the ability to show up  
6 with that kind of money to buy these notes, with  
7 complete disregard to the outcomes and the homeowners  
8 and what we're seeing. So again, if these folks are  
9 coming in and buying the notes that are  
10 representative of the homeowners in our  
11 neighborhoods, we have more trouble to come. And so  
12 the organizers at the national level have actually  
13 done a huge campaign and successful where FHA has  
14 done two things that give us a huge opportunity. One  
15 is that they have agreed to bundle the loans in  
16 smaller packages, okay, so now we might be able to  
17 play; okay, we, as in terms of, you know, we might be  
18 able to assemble the right amount of money and go to  
19 FHA. [interpose]

21 CHAIRPERSON ARROYO: Let me... and I'm  
22 sorry for the interruption, but bundle across the  
23 country or by neighborhood; what are we talking about  
24 bundling?

ISMENE SPELIOTIS: Thank you. So historically, not only were the bundles enormous; they were completely not geographically based, okay, so you could get three loans in Brooklyn, one in Montana, four in Texas, you know, and then how is that actually helping us in New York City and how are we able to help Montana from New York City, okay... [crosstalk]

CHAIRPERSON ARROYO: Do we want to help?

ISMENE SPELIOTIS: and... [laughter] and so actually there are several criteria that we've gone to FHA; one is to smaller bundles, two is geographic, okay, so that we could actually -- and we've been working statewide because we are not sure if we can get them all the way to the city, but you know, but if we can get them to state, there's enough of a consortium of organizations statewide that we could really actually jump on this boat. The other thing that FHA has agreed to do is actually if a municipality is -- so historically they've bundled them, you know, large bundles, highest bidder at auction and with no kind of presale restrictions, like you have to be a good guy, you have to be a nonprofit, none of these things matter, okay. So

smaller bundles and now if the Mayor -- I'm not sure if the City Council, but if the Mayor or a governor, you know municipality asks FHA, they can go direct negotiation, direct sale to -- you know instead of taking that bundle and going to auction. So it's a huge opportunity for us right now, it just happened, it just happened that we can now go to FHA directly and say we want -- exactly what you said, okay, 'cause we went to the banks, the banks said oh we don't have anymore, you know, they're hiding behind their PLS' and all of this and it's true, just like Christie said, Fannie and Freddie aren't there yet; we are working on them, but FHA is there and New York City has a huge number of FHA distressed assets, so we could go to FHA and ask for those loans right now, today.

CO-CHAIRPERSON GARODNICK: It seems like with that you could rehabilitate in one fell swoop entire neighborhoods that are suffering today.

ISMENE SPELIOTIS: Absolutely.

CO-CHAIRPERSON GARODNICK: Have other cities taken advantage of that?

ISMENE SPELIOTIS: Yes. So on the eminent domain fight, which is where the conversation

1 started, because none of this stuff was in place two  
2 years ago or 18 months ago, three years ago and we've  
3 been like slogging it out; the City of Richmond,  
4 California, the City of Newark, New Jersey, the City  
5 of Irvington, New Jersey and San Francisco, Oakland  
6 are looking at this; those same cities that were  
7 willing to step up and consider eminent domain to  
8 save these homes are the same cities that are  
9 stepping up to go direct sale to FHA and ask for  
10 those mortgages and those distressed assets to come,  
11 and we're talking to Chicago and we're talking to  
12 other cities where there's a base of people  
13 organizing for this, there are counseling entities  
14 that will help the homeowners get the right outcome  
15 and where the mayors and the city councils are  
16 interested in doing the right thing by their  
17 neighborhoods... [interpose]

18  
19 CHAIRPERSON ARROYO: And we're not gonna  
20 let Jersey show us...

21 [laughter, background comments]

22 ISMENE SPELIOTIS: Thank you,  
23 Councilwoman.

24 CO-CHAIRPERSON GARODNICK: On principle,  
25 that is correct. [laughter] Now are you certain

that a municipality has to be represented in the form  
of the executive as opposed to the legislative body?

ISMENE SPELIOTIS: I am not sure and I  
gave you two documents, a resolution that city  
councils have passed and then the letter that we've  
asked the Mayor to write to FHA so we can confirm...  
[crosstalk]

CO-CHAIRPERSON GARODNICK: Okay.

ISMENE SPELIOTIS: what the right  
entities are... [crosstalk]

CO-CHAIRPERSON GARODNICK: Well we're  
gonna be following up with you on this, in any event,  
but you know, that's a huge opening for New York  
[background comment] and I think that's a good thing.

Okay, a couple more from me. The primary  
source of the problem here, we have rather  
geographically intense numbers of homes that are in  
some state of the foreclosure process and the map  
shows Staten Island and southern Southeast Queens;  
what... [background comment] and the North Bronx; don't  
forget the North Bronx; what -- there are a lot of  
things which precipitated the problems for people  
around the country falling into difficulty on keeping  
up with mortgage payments, whether it was lost jobs,

whether it was loans that were offered at the outset which they could not reasonable have ever been expected to pay or it was exploding, were changing mortgage terms where they had teaser rates or things like that which you know after a few years became something that was not something that could be sustained. Here though, New York City specific, can you put your finger on what is the primary source of the problem in those areas which are the obvious hot spots for us to focus on?

ROBERT TILLEY: Well for 29 years I worked for the New York City Commission on Human Rights and I took early retirement under the 55/25 program -- thank you DC 37 -- and you know I'm wondering that during the height of the subprime prices, I remember the 1980s, the Commission had a reinvestment unit and what it did was, it analyzed and it was a repository of home mortgage disclosure act data, analyzed the data, worked with advocates and communities doing community organizing to challenge bank merges and to hold banks accountable under the Community Reinvestment Act. So basically, Giuliani and Bloomberg took us out of that work, [background comment] okay with their, pretty much

1 their business-friendly philosophies and basically an  
2 ally like the Commission wasn't there to help these  
3 advocates who work so hard just to raise money to  
4 stay in business, but also to work on behalf of the  
5 people. Okay and another thing is; more populous  
6 thing, way of looking at this as a homeowner, when I  
7 took out my loan with Bank of America, basically I  
8 was promising them a profit three times what they  
9 loaned me, okay, so what is my stake in this as one  
10 of the 99 percent, if you would permit me to say  
11 that? But I just mentioned something about FDIC  
12 deposits in just depository institutions in the  
13 communities where people live, okay; people are  
14 invested in these banks, okay and that, and just the  
15 information I gave you, \$1.83 billion is one  
16 neighborhood; downtown Flushing was \$5 billion, okay,  
17 so quite frankly, the people here -- this is a  
18 dialogue that shouldn't come from the top down, okay;  
19 basically the people in the community have a stake in  
20 these banks and these banks have to recognize that  
21 they wouldn't be as profitable as they are, they  
22 wouldn't be as successful as they are if the people  
23 didn't first invest in them, and then they turned  
24 around and they betrayed the people, okay, but the  
25

people are still there, they haven't given up on the banks, but the banks are sufficiently working with us here to go forward in the future to allow people to accumulate wealth again. These communities of color have suffered incredible losses of wealth and where has the government been?

CO-CHAIRPERSON GARODNICK: Okay, let me interrupt for one second, 'cause I wanna narrow it down. Go ahead.

ISMENE SPELIOTIS: I just wanna say, when we use the word predator, we really are forgetting that the neighborhoods, you know if you go back and there are studies and we can get them for you, okay, but in fact, okay, in communities of color, okay in African-American and Latino communities, the loans that were offered to the homeowners or to prospective homebuyers that would buy in Jamaica or in the North Bronx or in Staten Island were offered different loan products, okay and they're undocumented loans, they were given the teaser rates, and they were sold a bill of good and now they're being blamed, but they were told, you know, everyone should have the home and the car and the apple pie and all of this kind of stuff and so brokers went into neighborhoods and



black people preying on black people and Latino people preying on Latino people, okay, going in and saying you can have this too, okay, and that mortgage broker was getting 7 percent, 8 percent paid for as part of that loan disappearing and you know, we had people who were LPNs, okay, signing documents that they were registered nurses, so the difference in salary is what, \$50,000, okay, so the document read that you could afford this home because you're a registered nurse, but you weren't a registered nurse, you were an LPN, you were making \$24,000 a year. And so people -- you know, the mortgage broker was packaging this; we thought we fixed this with state legislation in the early 2000s where we weren't getting the 13 percent loan, you know and you couldn't get a boat... you know, you weren't allowed to offer, you know, Councilman Miller, because he was black, a 13 percent loan and Councilman Garodnick the 7 percent loan because he was white, okay we thought we fixed that but in fact waves and waves where people were... that literally neighborhoods were preyed up, they were preyed upon, they were given wrong product, wrong information.

CO-CHAIRPERSON GARODNICK: Right, but what was happening was not an approach at the outset, hey Council Member Richards, we're gonna give a 13 percent loan; it was here, you deserve this; you should live the American dream too; we're gonna give you a 1 percent loan and that's gonna last for two or three years or six months or whatever and then it's gonna become a 13 percent; is that a fair...

[crosstalk]

ISMENE SPELIOTIS: Right. Right. Yeah. People were really lied to.

ROSE MARIE CANTANNO: But I will refi you in two years and get you into a fixed low rate. I was a real estate attorney for 18 years before I started at NYLAG; I actually represented lenders; I was a bank attorney. But I was a good bank attorney, I explained everything and... [crosstalk]

CO-CHAIRPERSON GARODNICK: We're sure. We're sure you... [laughter]

ROSE MARIE CANTANNO: Yeah. But you know [background comment] we had -- So just to give an example, the negative amortization loans, and those are the loans where the minimum monthly payment you're required to make to stay out of default is

less than the interest that accrues every month, so if your interest is \$1,000 a month, your payment can be \$500 a month, but what happens is that other \$500 gets added to your principal and then you're charged interest on that and it just keeps going until you hit the cap, which in some cases was 125 percent. So just to keep in the easy numbers, if you borrowed \$100,000, which none of our clients did, you would just keep adding onto that principal until you hit \$125,000; once you hit \$125,000, if it took you seven years to get there, you now have 23 years amortized to pay back 125; people's payments tripled and we still haven't seen all the bad loans, there's a lot of people who signed 10-year interest-only loans back in 2005, 2006, 2007; their payments are gonna double. You know we talked about the mortgage brokers and everybody, you know everybody was like yes, yes, you can have this; you go into buy your family a nice one-family house, you know; a lot our clients in Queens ended up three, four, five-family houses; they weren't in a position to handle that once the tenant -- tenant loses their job, tenant stops paying, you know and now they can't pay the mortgage; it's that slippery slope.

CO-CHAIRPERSON GARODNICK: Okay, if you were to really hone in, it's the predatory practices of banks to tease people into this whole experiment; is that fair?

ROSE MARIE CANTANNO: Yeah. And the securitization; when a bank knows that they're lending you the money and they have to get it back from you, they're gonna look into things much carefully. When you close a loan knowing you already sold it to another bank, you don't have your skin in the game so to speak. You know if that person doesn't pay back, it's not hurting you, it's hurting whoever you sold it to.

CO-CHAIRPERSON GARODNICK: Okay, there's still one piece that's missing here, which is that obviously happened in communities all around the city and even communities of color all around the city and yet we see in Southeast Queens, Staten Island, North Bronx these real hot spot concentrations of properties that are in greater degrees of default or some part of the foreclosure process.

ISMENE SPELIOTIS: If you look at the PLS -- there's another report in your package, which is the PLS, the Private Label Security Data, and so

people go different loans and then the bank or the non-bank, secure ties them with a different party. So you have an inordinate number of the loans in these particular communities and the reason why there's a large number and why that large number persists; because they are the loans that aren't fixable without this big solution, which is to take them out, okay. So the banks fix some... you know, so the banks can hold the loans in portfolio, right, they hold them and they control the destiny and they'll call you, if you call up Bank of America, they're like we fixed all of our portfolio loans; that may or may not be true, but they fixed more of those loans than they fixed of their other loans, okay, and then you're left with the loans that they gave our neighborhoods and they can't fix them and so we are left with this map and this data and these homeowner that as Christie said are stuck in limbo.

CO-CHAIRPERSON GARODNICK: Got it. Okay, that makes perfect sense to me. Go ahead.

ROSE MARIE CANTANNO: Yeah. I mean one thing, you do have banks and non-banks, right, 'cause a lot of talk around Community Reinvestment Act; when loans are made responsibly to low- and moderate-

1 income borrowers, they don't default with pre-  
2 purchased counseling, with all these protections and  
3 that was not happening, for sure. So I think a lot  
4 of these were either bank loans that were just sold  
5 off or a lot of non-bank lenders that were just  
6 running rampant and that's another issue that's  
7 really... [background comment] yeah, so not to switch  
8 to multi-family, but for one second, you know we're  
9 seeing better behavior on banks in multi-family, so a  
10 lot happening, but better in some areas, but there's  
11 a lot of non-bank, private equity coming in, so both  
12 need a lot of attention around that, so I think... but  
13 we need... [crosstalk]

14  
15 CO-CHAIRPERSON GARODNICK: Okay. Well I  
16 mean... I...

17 ROSE MARIE CANTANNO: but also, I wanna...  
18 oh...

19 CO-CHAIRPERSON GARODNICK: Go ahead.  
20 It's okay.

21 ROSE MARIE CANTANNO: one other thing  
22 that came to mind and tell me... in the neighborhoods  
23 where it's persistent, a lot of neighborhoods are  
24 lower income and they haven't -- been as much  
25 speculation; as speculation happens and perhaps

investors are coming in and flipping the properties,  
maybe foreclosures are down, but low- and moderate-  
income people can't stay either. So maybe the  
numbers are down, but it doesn't mean that it's  
better there, except for the fact that people can't  
afford to stay or have already been pushed out, so  
that's another huge concern as the city is being  
rezoned to think about how to protect against  
displacement.

CO-CHAIRPERSON GARODNICK: Chair Arroyo;  
go ahead.

CHAIRPERSON ARROYO: Thank you, Mr.  
Chair. One general question. I know you can be here  
the rest of the afternoon, but we're not gonna have  
you here the rest of the afternoon. The  
recommendations that were presented by the Center in  
the testimony provided, that was not read fully into  
the record; we'll have it for the record, obviously,  
are they the same recommendations that you are making  
here today; have you had an opportunity to look at  
them and what is your opinion of them?

ROBERT TILLEY: Well principal reduction,  
you know, echoing what Christie Peale said, you know  
seems to be a valuable way of trying to restructure

these mortgages so that people can make the payments. Actually in our experience, in dealing with the banks and getting these things is not very easy, as she said and my colleagues as well, but in 2014 we saw just \$1,312,709 worth of principal forgiveness, but in total permanent modifications totaling over \$16 million, so actually, factoring in principal reduction as kind of a regular way of addressing this problem is gonna make for more affordable outcomes.

CHAIRPERSON ARROYO: So that particular recommendation is the one that you're asking for some energy to be invested? Okay.

JAIME WEISBERG: You'll see overlap in our recommendations as well and I do think that the Responsible Banking Act is an opportunity to bring transparency to what's happening and to leverage that, as well as the acquisition fund.

CHAIRPERSON ARROYO: Okay.

ISMENE SPELIOTIS: I think all the recommendations are great, we agree; I think that... but if we don't do the big thing, which is kind of take advantage of the opportunity to move a large number of notes to the right place -- I mean all of these things, if we're doing them directly with the



1 banks or Fannie or Freddie or FHA, we're doing them  
2 one at a time, we are doing them one at a time. If  
3 we're able to go in and swoop up a whole, you know  
4 hundreds and thousands of these notes and move them  
5 to a good place and then apply all of the  
6 recommendations that the Center has said, then you  
7 will see that the outcomes will actually fall into  
8 place and be good for the homeowner and the  
9 neighborhood.  
10

11 CHAIRPERSON ARROYO: Okay.

12 ROSE MARIE CANTANNO: Yeah, I agree, and  
13 we need to look at the larger picture. I mean, the  
14 process moves so slow for homeowners the way it is  
15 now; I have litigation clients that I have had for  
16 four years and we are still in the courts trying to  
17 get a modification and you know, these are people who  
18 got their loans in seven days, you know they went to  
19 a mortgage broker, they filled out an application,  
20 they signed an affidavit, they got the checks; now  
21 we're trying to just straighten it out and these are  
22 people who have been coming to court every month and  
23 who are completely invested. And you know, with the  
24 vacant and abandoned properties we also have  
25 situations where there are situations where there are

vacant and abandoned properties where there is no mortgage, you know investors came in and gave people who didn't have mortgages you know a couple dollars; those people moved, they took them back; they said okay, we're gonna fix these up, we're gonna sell them in the neighborhood; then they realized they couldn't get the funds, so they're just sitting there and there's nobody there now taking care of those properties, nobody paying taxes, so we definitely need a stronger arm so to speak just to help to keep, because there are communities where eventually every other house is gonna be boarded up.

ISMENE SPELIOTIS: I just wanna say on the zombies, 'cause we didn't talk that much about them, you know so clearly our first goal and your first goal and the Center's first goal you know would be to keep that homeowner in their home, okay, but then the second... but then, let's say it's already vacant; let's say there's no mortgage; what happens to that house, if it goes to a bad actor and he's only buying it, you know at 60-70 cents on the dollar for the real estate, he's assembling properties, you're gonna start to lose the flavor of your neighborhood, you're gonna start to lose the texture

of your neighborhood and the people who live there today will not be there tomorrow. So if we go in and we actually obtain those notes, it could be clearly outcome number one, two and three is keeping that homeowner in the home with all of these recommendations, but then if it really can't work and you have the affordable housing community involved, then the outcome there would be another affordable housing outcome that would be good for the neighborhood and not for some private real estate developer.

CHAIRPERSON ARROYO: Okay. Thank you. Thank you all. But I know you can keep going, but we're not gonna do that.

CO-CHAIRPERSON GARODNICK: Thank you all for your testimony; extremely helpful and we look forward to working with you. [background comments]

Okay, we're gonna call our next panel, which will include -- and again, forgive me -- Oda Friedheim, Dave Bryan, Linda Jun from MFY Legal Services, Brittany Nunez Saraco from Legal Services NYC. [background comments]

Okay, let's get started; we can do from your left to right.

ODA FRIEDHEIM: Okay. Good afternoon; my name is Oda Friedheim; I'm the supervising attorney at The Legal Aid Society for our Foreclosure Prevention Unit, and of course I thank the Committee, the two Committees, in fact, for having us here today and discussing this very, very critical issue.

We have been actually involved in challenging abusive real estate and lending practices since 2000, specifically in Southeast Queens; unfortunately, way back then there were not that many resources available yet. So we actually witnessed the wealth, the hard-earned wealth that homeowners had literally transferred to Wall Street.

What are we doing today? We are representing homeowners in settlement conferences, we operate clinics, court-based clinics, both in the Bronx and in Queens and I think somebody earlier said it would be nice to have more localized effort; we are actually very open to maybe having some kind of satellite clinics where people could just walk in without even having to make an appointment; that's important.

I just want to -- you know in our testimony we laid out, you know, some case studies

and so on, but I just wanna echo all the prior advocates and of course the Center and we are one of the many network partners. In terms of supporting the recommendations, we truly believe the big picture approach, whether it's a restoration fund, that would buy up notes and/or distressed properties, it's critical. What we see is that rather than banks providing loan modification in many cases eventually it goes back, if there is in fact a judicial foreclosure, it goes back into what we call the OREO portfolio and then you look on ACRIS, which is the City registry and you can follow kind of what happens with these; then you see all of a sudden this very same property where the homeowner couldn't get a loan modification being like sold at a deep discount price to some investor and there are certain investor groups that are already beginning to appear and what we are really concerned about is a new cycle of basically speculative lending and speculative practices that dupe, one again, first-time homebuyers into buying homes that they cannot afford and in fact we are in the process of litting [sic] some of those cases that began in 2010; that's already years after the foreclosure crisis erupted. So again, we urge

1 COMMITTEE ON COMMUNITY DEVELOPMENT JOINTLY WITH  
2 COMMITTEE ON ECONOMIC DEVELOPMENT

166

3 that the City, to the extent it can, get behind this  
4 kind of fund and that more access is provided to  
5 these multi-billion settlement funds that otherwise  
6 apparently just are sitting there [background  
7 comments] and are being used for budgetary purposes  
8 that should be the homeowners. Thank you very much.

9 CO-CHAIRPERSON GARODNICK: Thank you.

10 [bell] Go ahead.

11 BRITTANY NUNEZ SARACO: Good afternoon.

12 I'm Brittany Nunez Saraco, an advocate with Queens  
13 Legal Services and I speak today on behalf of Legal  
14 Services NYC, the nation's largest provider of free  
15 civil legal services to the poor and I thank you that  
16 I'm allowed to testify today.

17 Across the boroughs our attorneys  
18 represent homeowners in foreclosure, as well as in  
19 state and federal court litigation, challenging  
20 predatory lending, abusive mortgage servicing and  
21 fair housing and lending violations. We represent  
22 New York City homeowners in court-mandated settlement  
23 conferences, provide legal advice and pro se  
24 assistance through court-based clinics, help clients  
25 negotiate loan modifications and do policy advocacy  
on fair lending and real estate finance issues.

Every day our advocates meet homeowners struggling under crushing levels of mortgage debt. For years low-income communities and communities of color have been aggressively targeted for abusive, unaffordable mortgages. As the foreclosure crisis deepened and the economy declined, record numbers of homeowners fell into foreclosure due to unemployment and under-employment. For many of our clients the proximate cause of the default is some kind of economic hardship, but in reality the more critical issue has been these high-cost mortgage loans that leave little to no room for even temporary setbacks. All too often the size of the loan balloons so rapidly; once a borrower falls behind, that struggling homeowners seeking to modify their loans have no choice but accept a modification with a principal balance that far exceeds the actual property value.

The impact of the subprime lending continues to reverberate through our communities where property values remain depressed even as property values have recovered markedly in more affluent neighborhoods; as a result, homeowners seeking to move or refinance their loans haven't been

1 able to do so. Defending a foreclosure is a daunting  
2 prospect for any homeowner and we have several  
3 protections in New York State, but homeowners often  
4 cannot adequately navigate the complex judicial  
5 foreclosure process without assistance from attorneys  
6 and experienced housing counselors. Unfortunately,  
7 proceeding as a pro se litigant in a foreclosure  
8 action has become even more difficult with new  
9 electronic filing rules, which while good for banks'  
10 attorneys, actually inhibit homeowners' ability to  
11 defend their rights. E-filing requires substantial  
12 computer savvy and opting out is not easy; the  
13 barrier is particularly significant for the elderly,  
14 those with limited English proficiency or computer  
15 literacy and the disabled.

17 Another problem is that many of these  
18 loans are being bought up by investors who have  
19 little to no incentive to modify the loans and these  
20 vulture investors do not participate in traditional  
21 loss mitigation programs, so where a homeowner may be  
22 able to qualify for something like HAMP, they don't  
23 qualify because [bell] the servicer doesn't even  
24 participate.

25 CO-CHAIRPERSON GARODNICK: Go ahead.



LINDA JUN: Good afternoon, my name is Linda Jun; I'm here from MFY Legal Services; I'm a staff attorney on the Foreclosure Prevention Project there. Our Foreclosure Prevention Project started in September 2008 and since then we've been representing clients in Queens, Staten Island and Brooklyn. Personally, all of my work is focused in Queens and almost exclusively and most of my clients have been from Southeast Queens. We operate a courthouse clinic every Monday, where any homeowner in need of assistance can come see us; in addition, I personally often meet with clients in Jamaica; I'm happy to come to where the issue is. So it makes a lot of sense for me to be here at this hearing that's being held in Jamaica today.

We focused in our written testimony on one client to illustrate really how the best case scenario in staying in a home is good but not sufficient. One of our clients was an African-American senior; she had been in her Jamaica home for nearly 40 years; she suffered a layoff which caused her to then start basically what advocates often call the hamster wheel of documents mission. In her case, she was sued and then her foreclosure case was

1 actually dismissed, but without a modification, so  
2 she was left continually just trying to get a  
3 modification, working with the bank itself. The  
4 Council asked earlier why the servicers delay; the  
5 incentive behind the modification structure is that  
6 the servicers actually have incentive to do  
7 absolutely nothing, they get paid very little and the  
8 way the incentives are, unlike the investor who would  
9 in fact benefit from modifying the loan, the servicer  
10 doesn't have that incentive. So our client, after  
11 her case was dismissed, entered into several years  
12 more of trying to get a modification. She eventually  
13 got one at age 65 that stretched out her term, which  
14 will require her to pay off -- her loan wouldn't be  
15 paid off till she was 104 or when, more  
16 realistically, when she decides to leave the  
17 property. Because her house is -- her house did have  
18 some equity when she started the process, but because  
19 Wells Fargo delayed her modification review for four  
20 years, the capitalized balance at the end of the day  
21 then made her house now under water. Because it's a  
22 HAMP modification, the rates reset, which they'll  
23 reset when she's 69, 70 and 71, and at the end she'll  
24 be owing a balloon payment. So even in the best case  
25

scenario a modification is only in some ways a temporary solution and so that's why some of the other things that have been discussed are so important, including specifically principal reduction, but also continuing to put pressure on the banks to do right by these homeowners in Queens to actually give them a modification at a reasonable time, at a reasonable rate, so we ask you to consider these things. Thank you.

DAVID BRYAN: Good afternoon. I'm David Bryan of Brooklyn Legal Services Corporation A; we just call ourselves Brooklyn A. I lead a unit of three attorneys and one paralegal, focusing in on foreclosure prevention.

I came here today thinking about what could the City Council do and both my testimony, as well as in my written testimony you're going to see some very specific things. But having sat through the testimony there, I hope we have the opportunity to talk a bit more about issues such as principal reduction, whether or not the banks' motivations are appropriate, how you understand why it is that loans are not being made that make sense; whether or not

we're actually looking at the same thing happening again in such things as auto loans.

So let me move ahead with what I came here to talk about; if you wish to talk about those things, I'm prepared to do so.

I think one of the first things we could do is that we can become closer to the Council; you have constituents, services people on your staff; we find them very good to work with, but we also find there's a need for them to learn a little more about the problems of the finances that happen with the mortgage troubles that we're going through. Both CNYCN, as well as our individual nonprofits are skilled in training people in those areas and we urge you to take advantage of that; perhaps we could develop a curriculum, as I mentioned in my written materials.

I would also suggest that with some of you, Councilman Miller for example, we do come and sit in your offices from time to time so that your staff can schedule people to come in at those times and they come to you because they expect problems to be solved in your offices and we wanna support that as well.

1                   The other issue I came here to talk about  
2  
3   today is the issue of fraud and deed theft. One of  
4   the things that we get called on to do all the time  
5   that's beyond us is the fact that there are many  
6   properties that are actually being stolen; there's a  
7   lot of equity that is being stolen and these are not  
8   civil acts, but they're criminal acts. Unfortunately  
9   the district attorneys have pretty much abrogated  
10   this responsibility. The Council could urge the  
11   county district attorneys to go forward and pursue  
12   this in such a fashion that it treats it in such a  
13   way that there is an actual deterrence to this.

14                  Finally, I'd like to urge an  
15   underutilized resource in the mortgage foreclosure  
16   context which we've been working with quite a bit,  
17   which is resources in the bankruptcy court. There's  
18   a stigma that's attached to bankruptcy, but very  
19   often people are unaware that really when you go to  
20   bankruptcy you write your own ticket; you make a plan  
21   and it may well be that your plan, according to what  
22   it is that the banks and the servicers are actually  
23   promised to do can be the pathway for you to be able  
24   to bring these cases to an end quickly. At the  
25   moment this is an underutilized remedy in the legal

services community; we've been working with it quite a bit; in my written materials I've asked for your support.

CO-CHAIRPERSON GARODNICK: Great. Thank you very much; very thoughtful testimony all around and we appreciate it and I think you gave us a lot to work with here, so thank you very much. And...

[background comments] Go ahead; do you wanna add something? Go ahead. [background comment] And by the way, you know, the question about the banks -- just, you know, and I'll pose this question to you all too, as to the economic interests of the banks in not doing workouts on these individual small 1 to 4s.

ODA FRIEDHEIM: Well I think there have been actually a number of studies done that clearly show that the interest of the mortgage servicing industry is not necessarily aligned with the trusts and the investors. By the way, investors could ultimately be pension funds and things like that, so it's a very complicated, complex process; the way the whole system works is that -- we talked about affinity marketing, you know there was the broker in the community, you know, you've got cash under your house; take out that loan; that person, unlike the

good old days of a neighborhood bank that would underwrite based on affordability -- no, the broker didn't care and the originating lender didn't care and went up, up, up, up the scale; the risk was ultimately passed on to whatever; pension funds, etc.; meanwhile, everybody scammed money out of the process, and the servicing industry is an industry unto itself; they make money not by necessarily giving loan modification, although they're the front people dealing with that; they have a business model, it's highly computerized, usually you call somebody out of state; the borrower dealing on their own with that industry is lost, the caller, oh your house is gonna be sold tomorrow because they're calling perhaps somebody in a state that does not have a traditional foreclosure system. So they're getting basically -- you know, we talk about hamster wheels, it's true. So the way the servicers make money is through bogus fees, and unfortunately we see them at times on the unpaid principal balance, you know the drive-by broker inspection and, and, and. So there is misalignment, as some have characterized it, between what the mortgage servicing industry is doing and what ultimately perhaps might be in the interest

1 of the note holder. So it's a very complicated  
2 system, but the mortgage servicing industry is a  
3 major bad player; of course, by the way, they're not  
4 just some little mom and pop stores when they're  
5 talking about servicing industries; we're talking  
6 about Chase, by the way, we're talking about Bank of  
7 America, we're talking about Wells Fargo; they have  
8 separate division where they do just that, so they  
9 skim off the whole process.  
10

11 But I wanted to address one other issue,  
12 which is in your briefing paper and which we see  
13 increasingly and that is that, unfortunately any time  
14 there is a huge social problem there are many, many  
15 parasites that feast on that problem and that is the  
16 foreclosure modification scammers; it's in your  
17 briefing material, and it is a huge problem. I would  
18 say perhaps 60-70 percent of borrowers that come to  
19 our clinics or that we meet in court have already  
20 paid thousands of dollars to scam us and  
21 unfortunately not all of the scammers are these out  
22 of state fly by nights, they are there too, but in  
23 addition, there are local law firms, and we are in  
24 fact thinking about how we can go after them, one  
25 such firm -- I'm not gonna mention names right now;



1 it's not the place, but they set up a direct  
2 withdrawal system from the borrower's account -- this  
3 poor guy comes in the other day to the clinic, he had  
4 paid \$13,000 in this way to the scammer with the law  
5 firm not doing a thing about, you know, getting him a  
6 loan modification and/or appearing. This is a huge  
7 problem; why am I bringing it up to you? Because the  
8 City Council and perhaps even the Mayor could play a  
9 role; what we need is public announcements on radios,  
10 because how do homeowners get sucked into this?

11 Number one, because the servicers don't do what  
12 they're supposed to do, so they're sitting there and  
13 if somebody on the radio says I can wipe out your  
14 mortgage or I can help you -- yeah well, why not, you  
15 know, you're desperate, you fall for this. And so  
16 you wonder where do they get the information. It's a  
17 lot of mail solicitation, it's door-knocking, but  
18 it's a lot of radio advertisements. If we had public  
19 service announcements that would say that there are  
20 free services available throughout the five boroughs;  
21 that would go a long way to begin to address these  
22 problems and it is not just workshops and meetings,  
23 because who comes to meetings and workshops, we do  
24 them all the time, but it's usually people that are  
25

1 already in the know and we always tell me, you've  
2 gotta be organized, talk to all your other neighbors.  
3 But the people that really need that information,  
4 they don't come to these meetings, so we have to find  
5 other creative ways of reaching out, so... [interpose]

7 CO-CHAIRPERSON GARODNICK: That makes  
8 sense and you know, we all have held those similar  
9 sorts of meetings in one form or another and you do  
10 tend to hit usual suspects as opposed to the general  
11 folks who you need to hit or people who need that  
12 information. I will just note, for your interest,  
13 that you know I have had a lot of experience with  
14 special servicers, you know I represent Stuyvesant  
15 Town and Peter Cooper Village, [background comment]  
16 which I think is the heavyweight champion of the  
17 world of defaults in the residential housing market  
18 of 11,232 units all at once and pension fund  
19 investments and everybody who invested in that, from  
20 private actors to pension funds, to the Church of  
21 England, to the government of Singapore, to everybody  
22 [background comment] and their neighbors in an effort  
23 to get people out of their affordable units as part  
24 of the business plan. So we have seen how that works  
25 and a special servicer has actually been in control

1 ever since that default; we've had a lot of  
2 interaction with them. So thank you for that. Go  
3 ahead.  
4

5 LINDA JUN: Just echoing what my  
6 colleagues have said, in addition to of course  
7 addressing the scams themselves, MFY is actually in  
8 an active lawsuit against a specific scammer as we  
9 speak, but the other thing -- and I feel a little bit  
10 shameless because I work for one, but all of us here,  
11 legal services advocates and housing counselors,  
12 we're doing the best we can, but we need more. I  
13 mean the question was asked, is there enough  
14 resources; does the Center need more money; do we  
15 need more money to do this work and at the end of the  
16 day the answer is a resounding yes. We speak with  
17 hundreds of homeowners each week at my office and I  
18 would guess it's the same if not more with all of my  
19 colleagues at this table and in New York City and the  
20 numbers of foreclosure filings have already been all  
21 stated before you today and we ask just for  
22 continuing support, 'cause education is so important;  
23 first, as already mentioned, you know a homeowner is  
24 two times more likely to get a modification with  
25 assistance, but also, to avoid the vacant and

1 abandoned issue, if people know what their due  
2 process rights are in a foreclosure, they know that  
3 they don't have to leave if they get sued; if tenants  
4 know that they don't need to leave when there is a  
5 foreclosure lawsuit initiated, those are such  
6 important things that are gonna preserve New York  
7 communities, so we really ask for your support and we  
8 thank you for your time today.

10 CO-CHAIRPERSON GARODNICK: Got it. Thank  
11 you very much. You'll have the last for this panel;  
12 go ahead.

13 DAVID BRYAN: Well I will be brief.  
14 Along that line, I would urge you to consider  
15 cooperation with Council Member Levine's Right to  
16 Counsel Bill; actually I'll be leaving right after  
17 this testimony to go to the Brooklyn Town Hall to be  
18 heard on that; in essence, that we create a civil  
19 right to counsel for people whenever their shelter is  
20 implicated and we've been talking about it from the  
21 perspective not only of landlord and tenant matters,  
22 but also in foreclosure matters as well; that may  
23 well be a general principal that one deals with that  
24 goes behind the year to year budget, but creates a  
25

principal that people might be able to work with  
ongoing.

CO-CHAIRPERSON GARODNICK: 'Kay. Thank  
you very much and thanks to all of you. We're now  
gonna call the next panel, which will include: Ali  
Abdullah Sadiq [sp?], Trevor Baywell Henry, Jayce  
[sp?] Nicholas Clements [background comment] and  
Arlene Phipps. [background comments] And we have  
one panel after this group. Are all those folks  
here, all four people who's... I was... [crosstalk].

ALI SADIQ: Ali Sadiq.

CO-CHAIRPERSON GARODNICK: Mr. Sadiq.  
Great. Mr. Henry; is that you? [background comment]  
Okay, that is you. Good. [background comment] Do  
we have Arlene Phipps here? [background comment]  
Arlene Phipps. Good. Great. Thank you. And what  
about Jayce Nicholas Clements. [background comment]  
Okay. Come on down when you have a sec. Alright.  
Sir, you can go ahead and get started as everybody  
else gets adjusted, so go ahead.

MALE VOICE: Good evening to you and I'm  
so grateful to be here before you. Part of the  
problem of the foreclosure is not just banks or  
foreclosing, but we are not looking at the legal

industry and we're not looking at it judicially. For instance, in my case, my attorney saw another attorney pass an envelope stacked with cash to a judge and my case was given a summary judgment where the wrong bank sued; after they recognized that the wrong bank sued, they made a change of caption to the wrong bank, so now my property had been foreclosed unlawfully and five years after it was foreclosed I got a letter from J.P. Morgan Chase; before I got a letter from J.P. Morgan Chase I got a letter from U.S. Bank Corp. which acknowledged they never owned my mortgage, but the judge said they did. So the judge ruled that U.S. Bank owned the mortgage where U.S. Banks says no, we never owned it; we got this letter in April 22 of this year; then we got a letter from J.P. Morgan Chase says we own the mortgage when you went into foreclosure. So the wrong bank sued and it's only because the attorney who was sitting here, Mr. David Bryan from Brooklyn Legal Services, it isn't true that they are doing the best that they can. He is funded by the New York State Attorney General and if he's funded by the New York State Attorney General, and a New York State Attorney General knows that these attorneys from Japan

Schlesinger LLP are submitting false instruments and they are not on their embankment [sic], something is fishy about that. The only reason why I'm in my house today, me and my wife, senior citizens, former marine, is because I had to consider violence to stay where I am. I'm a Christian, I'm putting it on record I'm not a violent man; I had to consider letting them know the only way to move me from where I am is prone [sic] and that's why they have backed off. When I got these letters from both U.S. Bank and J.P. Morgan Chase, I had to engage in a one-man letter-writing campaign myself as an amateur, longhand because I'm computer illiterate, to the appellate court. Now the appellate court has seen this situation, what the bank did, the loan was so toxic they sold it to a private lender and then he's trying to come and intimidate me; I says, you're the wrong person to come and intimidate me because I was prepared to take his life. Why should I be put in that position? I cam to this country with \$20 in my pocket, [bell] never been on welfare in my life, served in the marine corps; you think I'm gonna let somebody come and move me out of my property with bad paper? What this Council needs to do is to put

pressure on your counterpart in the senate and tell him to change those laws. The chief judge of New York -- excuse me -- the chief judge of New York has ordered that lawyers check their clients to see that the paperwork is in order and they're not doing that, they're looking at my skin and think that they're gonna get me intimidated and I'm not easily cowed; I'm not into the racism, my grandfather was an Irish man, but it's gonna be hell to move me out of my property with bad paper.

CO-CHAIRPERSON GARODNICK: We got it. Thank you. Thank you very much for that. And don't go anywhere; we may have some questions for you, [background comment] if you're okay with that. Thank you for sharing that with us. Go ahead.

MALE VOICE: Good afternoon... [background comments] You can go, sir.

MALE VOICE: I'll go last.

[background comments]

MALE VOICE: Is it okay?

MALE VOICE: Yeah, that's fine.

MALE VOICE: Alright. You need glasses?

MALE VOICE: No, no, no; I... I am legally blind; I don't see from one eye and the other one is



not good. Good afternoon. I have some problems with the bank that I have my mortgage with; it's HSBC Bank and my mortgage is \$42,600; that's what the balance is, and I have had some problems with them when I didn't have the money because of medical expenses and that and they had foreclosed on me. Well things were worked to where I eventually go the money and paid it and the foreclosure was; what you call it, I was able to stay in the house, but I had to pay \$11,000 and that was sort of taken care of. Now I have also run into problems since this year; I am two months behind, I haven't paid my mortgage for March and I haven't been able to pay it for April, so I am two months behind. I keep getting these letters in the mail and registered letters from HSBC and their mortgage servicer, telling me that I've got to pay \$1600 and if I don't do it by the end of June or the middle of June they're going to foreclose; it includes bank charges and attorney fees and that sort of thing.

I am wondering -- well not just wondering, I'm nervous as a devil because I don't know if they can foreclose on me with me being two months behind and it worries me; my mortgage actually

1 is \$42,600; that's what I owe them and somebody had  
2 said to me that with the equity you've got in your  
3 house, because it's supposedly worth about \$400,000  
4 in Cambria Heights, that they would love to do it and  
5 each time that I have asked them to reduce the  
6 interest rate; not necessarily the principal, they  
7 have refused; I pay now 7.5 percent and it seems as  
8 if it's impossible to move them [sic].  
9

10 Another thing; I have gotten what they  
11 call, four years ago, a one-shot deal from the City  
12 of New York for \$7,000; that was to help me to  
13 prevent the house from going into foreclosure and I  
14 came up with the other six to pay the total of  
15 eleven. And someone just told me two weeks ago that  
16 they saw in my records that the City has put a  
17 \$200,000 lien on my property. Now how on god's earth  
18 -- I mean is that legal; it seems unfair, but I don't  
19 know if you give somebody what they call a one-shot  
20 deal, which was a grant to prevent foreclosure or  
21 from eviction if you've got an apartment, how you can  
22 attach a \$200,000 lien on the house when all you gave  
23 me -- and they told me it was a grant when I went  
24 there, was \$7,630? [bell] So that's pretty much  
25 where I stand, you know.

3 CO-CHAIRPERSON GARODNICK: Okay, don't go  
4 anywhere; we're definitely gonna have some questions  
5 for you and also, you've got some pretty capable  
6 people sitting right behind you, all of whom could  
7 probably give you a fair amount of help. If you turn  
8 around and let one of them raise their hand, because  
9 they're all experts at this -- there you go.

10 [background comments] So... [interpose]

11 CHAIRPERSON ARROYO: Now you've got too  
12 much.

13 CO-CHAIRPERSON GARODNICK: Yeah, you  
14 gotta... [background comments] they're gonna fight over  
15 you because your case is -- it's incredibly  
16 sympathetic and it sounds like you've got a lot goin'  
17 on, so I would encourage you to [background  
18 comments]...

19 MALE VOICE: Well at 79, I can use all  
20 the help, because I only see from one eye, barely. I  
21 don't see from the other one.

22 CO-CHAIRPERSON GARODNICK: Okay. So  
23 here's what we'll do for both of you gentlemen,  
24 because it sounds like you both could use the  
25 assistance of some of the folks who testified in the  
last panel; as soon as we're done with this panel,

what I would suggest is, they should grab you and see who's best equipped to handle your particular issue, because you're gonna need some help with this stuff and we wanna make sure [background comment] we get... but don't... don't go yet though. Okay, let's just see who else has something to say here.

ARLENE PHIPPS: Yes. Hello, good afternoon. My name is Arlene Phipps and I'm grateful for this opportunity to speak to someone. Hello Mr. Ali; I thought that was you over there. I too, like everybody on this panel, believe in the American dream to own my own home; everybody in my family does. I just recently shared with my family this weekend, I just finally told them the situation that I'm in, 'cause where I come from, you don't... if you, you know decide you're gonna get a home, you've gotta be able to handle that, so I just told them the situation I'm in. What I'm faced with is; when I bought the home a couple of years ago, Mr. Mitchell Cohen, who I really believed was a lifesaver... [background comments] and I really... you know, I trusted Mr. Cohen because he helped me to fulfill a dream that I had always wanted to. I did everything he said to the letter, I gave him the \$11,000 cash;

on the day of the closing he took me to the side and told me not to tell anybody anything, offered me two money orders for \$500 apiece and I asked him what was that for and he told me, never mind; when they ask you at the table for the money, you're to give it to them. And I said, you know, I don't feel comfortable with that, but he assured me it was okay. Then after that, while I'm sitting at the table, all these guys are telling me, you know you're really lucky that you're getting this place for the price you're getting it for 'cause it's really a steal. I didn't say anything because I didn't really know anybody and didn't know enough to speak on that. He then calls me outside and says Miss Phipps, I need to ask you a question. I said yes; he said, did you bring your checkbook with you? I said I did and he says, well I need you to write out a check for \$1900 and I said, sir, I don't have that and I don't want you to put no check in there and then I get an overdraft charge. He says just do it as a show of good faith, and that was on a Friday. He said do it as a show of good faith and on Monday you could come back and get the check. Well moving along, I decided on Saturday to see if they had put that check in there and sure

1 enough they did. So I put a stop on it immediately  
2 because I didn't wanna get in any trouble. As time  
3 went by, every day -- I own a day care, so I try to  
4 service the community; every day for like six months  
5 I had the -- what do you call that, DOB, Department  
6 of Buildings, they were coming every day, slapping  
7 violations on me; the guy even asked me, hey lady,  
8 who did you piss off, because somebody's making  
9 calls? I continued paying the mortgage and then  
10 finally things got a little hard for me and I went  
11 and applied for what they call a modification. It  
12 took a while; they rejected me two times, then they  
13 finally gave it to me. Things were good; I was back  
14 on track, life was great and I was enjoying the  
15 Hollywood dream, so to say. Hurricane Sandy hit in  
16 October of 2012, I believe it was, I became homeless;  
17 I was living in my car; [bell] I stayed in the  
18 emergency room at St. John's out there in Far  
19 Rockaway; I really didn't have any place that I could  
20 go. The money that I did have from the day care, I  
21 was using it to support me and my son and at that  
22 time my husband, who is now in a nursing home. Long  
23 and short, when the -- what do you call it, the  
24 flood, when the storm hit, FEMA wouldn't help me, but  
25

the flood insurance did and they gave me \$32,000 of which I used \$16,000 to fix the house back and I gave the rest... the rest was back to the bank. When I saw I was getting in to a jam, I asked them if they would please take the balance and go ahead and put it towards the -- because all my savings was exhausted from living out on the street and having to go from pillar to post. So the bottom line is, at this point in time now I just got rejected three weeks ago; they've told me that I couldn't get it and I just was -- my son and I, I'm trying to decide now whether I should try to put in for another package, which I really don't feel like going through that; I'm a full-time college student; I'll be 61 years old, I'm partially blind in one eye and I'm tired. And so, now that they're telling me that we are... that I didn't... they said the reason for me not being able to have the modification was due to insufficient income. So I just came here today because I'm a member of NYCC and I was asked to come and to give my story; I was also -- a federal marshal came to my house; as I said before, scared the death out of me, 'cause he made it plain, I'm arresting this guy, you can sit here and take up for him all you want; he's not your

friend, because no way you should've paid \$11,000 and you got a mortgage. I went to the District Attorney's office; I spoke with them; he asked me was I in on it because he never heard of anybody paying \$11,000 for a \$340,000 mortgage. Do I wanna save my home so that I can continue to send my son to private school, it's a very decent neighborhood? Do I wanna continue to service the community? I have an excellent day care; children who leave my day care, their parents have come back and told me the school system has asked them, where did those children go before they came here? Yes, I would like to save it, but I don't know what I'm gonna do and I just met this gentleman in the hallway and I was telling him, you know, I've gotta find somewhere to go, put my stuff in storage, starting with, 'cause I don't wanna sit there and have the marshals come in on me and you know, throw me out in the street. So thank you for letting me be here today, sir... [crosstalk]

CO-CHAIRPERSON GARODNICK: Thank you, thank you for sharing that story and it is... it seems like you have been through a lot over the past number of years, starting... [crosstalk]



ARLENE PHIPPS: Well the good thing that I just found out the other day, I didn't know what... I didn't... [crosstalk]

CO-CHAIRPERSON GARODNICK: Let's wait for you to have the microphone back.

ARLENE PHIPPS: I just found out -- you know, again, I'm not trying to beat up on Mr. Mitchell, because as I said at the time, the gentleman helped me fulfill a dream that I was trying to do and I honestly thought everything that I was doing was the right thing. I don't know if I should blame myself or point the finger at them, but I just found out he was sentenced to 70 months and I feel bad for him, but at the same time, I need some help.

CO-CHAIRPERSON GARODNICK: You're generous to feel bad for him. Let's go to the next person and we thank you for your testimony.

JAYCE NICHOLAS CLEMENT: Okay. Thank you for hearing me; my name is Jayce Nicholas Clement; I just have a statement and a question, please.

I'm a real estate investor, right; I live in a neighborhood, I live five, ten minutes from here; I put together a program myself to help people in my neighborhood; basically what it is, I give them

several thousand dollars for their property, I pay for their moving expenses; then I inherit the debt from the bank completely and I pay it off; then I get a certified statement from the bank stating that they can't come after the homeowner for anything at all. Then I put them in the credit repair program with the best attorneys in the United States -- Should I say their name or... No? Alright. No problem. So basically, within that credit repair program, in one to two years they can qualify to get another mortgage, first is a 7 to 12-year process of foreclosure; I also have my own family member in this program also, along with several neighbors from my neighborhood.

My question is; which programs can I work directly with to help the homeowners more in my community? And that's generally it, like I see a lot of people, they're being -- the main problems, like you asked with the foreclosure, I believe, from what I'm hearing, is the loan modifications and the refinances and basically people are getting -- they're approving people loan modifications that cannot basically afford it, so they default within a

month to two months of having a loan modification...

[crosstalk]

CO-CHAIRPERSON GARODNICK: After the  
modification?

JAYCE NICHOLAS CLEMENT: Yes, sir.

CO-CHAIRPERSON GARODNICK: Okay, so  
here's what I'm gonna suggest for this entire panel,  
which has very specific questions and concerns; I'm  
gonna ask the advocates and lawyers that are sitting  
behind you to... when they stand up, please grab one of  
them, each of you, or multiple people, and see if you  
can -- Well Jayce...

JAYCE NICHOLAS CLEMENT: Nicholas  
Clement.

CO-CHAIRPERSON GARODNICK: Jayce Nicholas  
Clements has... he's got a very specific question and I  
think that you all, maybe even the Center  
specifically, would be able to answer that one; for  
the rest of these guys, if the legal advocates can  
speak directly with them, that would be most  
appreciated. And sir, if you wanna add something  
else here, please be my guest. And Chair Arroyo  
wants to say something too. Go ahead... [crosstalk]

MALE VOICE: When my attorney told me that he saw an envelope pass from one attorney to the judge, I filed several complaints to the Commission on Judicial Conduct. On November 19th of 2013, three New York City detectives came to my house and my wife was sitting in the downstairs -- we have a beauty salon downstairs; we live upstairs -- she says come and see this. Let me demonstrate to you what we saw. Three white men was crawling against the wall with their hands and their guns coming towards me. My wife said you've gotta see this. I go up, I crack the door; they said, there he is, so they obviously knew who they were looking for; they said, come on out. I said no, you come on in. Are you looking for a criminal? No. Why are you walking with you hand coming toward me? He said come on outside. I said come on inside. These foolish detectives come into my beauty salon where I had witnesses; they told me Judge Rios, Jaime Rios, sent them to me because I filed a complaint against him. So I said to them, what would you have done had I stepped outside? I know they didn't come for a prayer meeting. [laughter] So I sent a letter to the New York City Department of Investigation; they did some work; they

1 sent... they connected to me to the 103rd Precinct, the  
2 commander of that sent me a letter and they gave me  
3 the name of two of the three detectives. Okay, you  
4 think Internal Affairs would have -- with all the  
5 witnesses and written statement, not one detective  
6 came to tell me why they were here. Why did a New  
7 York State judge influence three New York City  
8 detectives to come to me with a threat on my life  
9 over a mortgage that New York City detectives have  
10 nothing to do about?

12 CO-CHAIRPERSON GARODNICK: Alright. I  
13 don't know the answer to that question, but I'm glad  
14 you shared it and Chair Arroyo wants to add something  
15 before we go to our next panel... [crosstalk]

16 CHAIRPERSON ARROYO: Well Mr. Sadiq,  
17 thank you for your service; my daughter's a marine;  
18 her husband's an active duty... [crosstalk]

19 MALE VOICE: Semper fi, tell here Semper  
20 fi for me, please.

21 CHAIRPERSON ARROYO: I will. I have a  
22 family full of them and I think some of my discipline  
23 as a human being I learned in Twentynine Palms,  
24 California while her father was serving in the  
25 military, in the marine corps. I wanna thank you all

1 for your personal stories and I've been doing this  
2 work in the City Council for 10 years and it never  
3 gets old to hear our constituents come to tell us  
4 their personal stories. We love the advocates and  
5 the folks that work in the world of service to our  
6 communities, but no one can tell a story stronger and  
7 more compelling than you do; you put your personal  
8 life out to the public; that takes a great deal of  
9 courage and we truly appreciate you doing that,  
10 because it helps us understand that there is a very  
11 serious issue and that we have to pay attention and  
12 that we have to work hard to help you solve it, so  
13 thank you all very much.

14  
15 MALE VOICE: Thank you, ma'am.

16 CO-CHAIRPERSON GARODNICK: Thank you.  
17 Sir; did you wanna say something before you go? Go  
18 ahead; let's pass the microphone over.

19 MALE VOICE: I just want to say that the  
20 311 information bureau that our city has, is an  
21 incredible place. I have used them, I'm 79 years  
22 old, I don't hear from one ear and I don't see too  
23 well and they have been patient; I swear to god, the  
24 people that I have spoken with over the years, it  
25 doesn't matter whether it's man, woman or older

person or young, but they all seem very, very willing to take the time to provide information that I need and answers that help, so... [crosstalk]

CO-CHAIRPERSON GARODNICK: Good. Good; that's what we... Alright, you know what; one positive takeaway; we appreciate that. [laughter] Thank you for sharing that and there are some folks behind you who will give you some [background comment] business cards and see if they can give you some assistance.

MALE VOICE: Thanks again.

CO-CHAIRPERSON GARODNICK: Thank you very much for sharing those stories. We're now gonna call up Prince Hunt; are you here? [background comments] Yes. Good. Come on up, Mr. Hunt. [background comments] Jean Andre Sassine... [background comments] There you are; thank you very much. Glen [background comments] Greenwich [sic].

GLEN GREENWICH: Greenwich. Yeah.

CO-CHAIRPERSON GARODNICK: Greenwich. I'm sorry. Eve Weissman. [background comments] Is she here? There she is. Okay, great. [background comments]

Okay, guys. You're our last panel, so we'll make it a good one. Why don't you get started

right ahead, since the microphone's in front of you?

[background comments]

JEAN SASSINE: Alright. Good afternoon;  
my name is Jean Sassine; I'm the Queens Chapter chair  
of New York Communities for Change and I'm a  
homeowner from Queens Village.

I'd like to start by welcoming the  
Committee in Queens and thanking you for this  
opportunity to testify on an issue that it seems many  
people have wishfully forgotten about but one that  
still greatly affects us. And looking at the panel,  
I feel like I'm preaching to the choir, but I pray  
you can bring our message to the grater council.

Soon after I lost my job in the wake of  
the economic collapse, my wife got sick and I had to  
make a decision on whether we were going to continue  
making mortgage payments or pay our medical bills.

Since then I've been in a constant fight with  
numerous banks and servicers trying to modify my  
mortgage so my family and I can stay in our home. I  
have experienced all the common horror stories --  
expired documents, they've lost my paperwork, give me  
the runaround, delay, delay, delayed -- but what is  
most important today is the effect that banks'



behavior has on my neighborhood; there are abandonments everywhere, including right around the corner from this college. Some of these homes are owned by banks or they're just abandoned by homeowners who lost all hope of getting nowhere on their modifications. These blighted properties have attracted illegal activity, like drug dealing and prostitution, have had a serious negative consequence in the neighborhood and our property values, causing many homeowners in Southeast Queens to owe more money on their house than it's worth, through no fault of their own.

In answer to Miss Arroyo, it is happening in the Bronx, but it's not as steep, but New York still leads the country in homes in distress.

You just heard that recently the federal government and government-sponsored entities like HUD and Fannie and Freddie have begun to sell portfolios of under-performing underwater mortgages. Properties are being sold to the very people who got us into this problem in the first place, Wall Street. After black and Latino wealth was sucked out of our communities, our neighborhoods are being sold wholesale for pennies on the dollar. To make matters

worse, the state had an opportunity to create a fund to purchase these mortgages when the Attorney General and Department of Financial Services secured more than \$900 million in settlements because of the fraudulent actions of banks. I mean that's out of the \$5 billion that was originally won, but you know, we'll settle for whatever got set aside, \$900 million. Unfortunately, the Governor and republican senate did not allocate a single dollar to homeowners for foreclosure relief. New York City should do everything it can to ensure pools of underwater mortgages are getting into hands of nonprofits whose sole and first priority is to keep homeowners in their homes rather than hedge funds and private equities that have no regard for the health of our communities. If this cannot be done, which we see as being a lot pushback on, the City must examine the use of my favorite, [bell] eminent domain to take underwater mortgages from the banks and write down principal for homeowners.

CO-CHAIRPERSON GARODNICK: Thank you very much. Sir, do you wanna take up next? Go ahead.

PRINCE HUNT: Hello; thank you for having me. Mr. Miller, you don't recall me, I don't guess,

[background comment] but prior to you running I  
approached you about this whole property thing and I  
wanna focus on policing the solution, because that's  
where my concern is. NYCHA owns five... [interpose]

CHAIRPERSON ARROYO: We... Could you state  
your names for the record when you start to testify?  
Thank you... [crosstalk]

PRINCE HUNT: Oh I'm sorry, I thought...  
Prince E. Hunt and I'm Genesis 1 Construction party  
[sic]

CHAIRPERSON ARROYO: Okay.

PRINCE HUNT: Okay, as I was saying...  
you're gonna start my time over, right? [laughter]

CO-CHAIRPERSON GARODNICK: That's  
alright, we'll give you a few more seconds; don't  
worry.

PRINCE HUNT: Okay. But yes, NYCHA owns  
500 homes; 250 of those vacant, 250 occupied, which  
most of them fall in Southeast Queens and we had the  
gentleman from HPD here and you know, unfortunately  
he left; they own quite a bit of property; when you  
guys leave here, I don't know if he went to the  
property, but right up the block I'm dealing with  
some pastors now that have been trying to deal with

HPD and getting some of those properties and getting them remodeled. Having said that, one of the other things that you talked about was the foreclosure with the banks, and I'm gonna tie this into what I was just talking about with these properties.

Now those investors, Blackstone being one of them, they own like about 50,000 properties and what they did was, other than -- some of them they flipped, but the others they still hold and they're renting them out, waiting for the market to come back. So now here's the thing, there's a provision with these homes that the City owns that doesn't allow that; now at the risk of putting this out there, because you know, we put in for some of these properties and unfortunately they go to others that don't look like us from the community; we put in a proposal that we would take some of those properties and rent them out for two to three years and worth with some of the local nonprofits until they qualify for a mortgage and use some of that rent towards the down payment, but that provision has to be changed; the same one that's used with some of their hedge funds and private equity investors; that same

provision should be put in for these homes that NYCHA and HPD own.

Now I also wanna piggyback on something that Miss Belotty [sic] said from HANNY [sic] Management, talking about the development aspect of it, because -- and this goes to the policing of the solution -- usually when these neighborhoods get hot, like Brooklyn; originally in Harlem and what's happening in the Bronx right now, and these developers decide okay now we wanna move in that area; unfortunately because CBA agreement, which is a good thing, is not policed, there's no legal teeth in it to hold these people accountable for their proposals they make or agree to after they own the property; [bell] what ends up happening is, they make these agreements and the people in the community don't get half of the things that have been promised to them. Case in point, the Extell situation over on the Upper West Side -- yeah, the Upper West Side, if I'm not mistaken that Councilman Crowley, I think that's her area; I forgot who's dealing with it, but that poor door situation, now I'm sure that wasn't agreed to originally, but what happened is, later on when they found out it was done, you know there was a

lot of noise made about it, but at the end of the day  
there's nothing legally that can be done to 'em...  
[interpose]

CO-CHAIRPERSON GARODNICK: Right.

PRINCE HUNT: Now on a microscopic level  
in this neighborhood, that's what I'm concerned  
about, because what happens is, these properties are  
given to major developers or people that don't come  
from the community and at the end of the day, quality  
of life issues are not dealt with...

CO-CHAIRPERSON GARODNICK: Right.

PRINCE HUNT: so you know, Habitat for  
Humanity, great organization, but they're politically  
connected, they're strong; these issues are not  
addressed; you give these properties to them, there  
is a big photo op, ribbon cut and everything's great  
and then at the end of the day what ends up  
happening, those properties are remodeled and then  
they finally can't sell the homes. So I mean, you  
have to police the solutions.

CO-CHAIRPERSON GARODNICK: Got it. Okay,  
thank you very much for that and we'll see if there's  
members of the panel who have questions for you.  
Let's pass the microphone down.

MALE VOICE: Ladies first.

EVE WEISSMAN: Thank you. Good

afternoon. My name is Eve Weissman; I am a Staff Attorney in the Homeowner Defense Project with Staten Island Legal Services; I'm testifying on behalf of the citywide legal services organization and my written testimony is combined with that of Brittany Nunez Saraco, which you have.

I fully support all the things that my fellow advocates have said today, so I really just wanted to take this opportunity to sort or highlight two issues that have come up. One is the fact that as individuals and communities across our city have continued to struggle with the effects of the foreclosure crisis, our state has passed up a major opportunity to use \$800 million that was money coming out of these major settlements with the banks that was specifically supposed to be used to assist struggling homeowners and they have just completely failed to do that, completely contravening the language of these settlements. Advocates across the state and across the city in particular came together and proposed the creation of a Community Restoration Fund; this has been discussed; this is basically an

entity that would have been able to purchase distressed mortgages, distressed notes, distressed properties, rehabilitate them or rebuild them as necessary and sell them back to the community. The other role that this entity would've played is it would've been able to purchase these pools of nonperforming loans that are being increasingly sold off; FHA has been doing this for years now, Fannie Mae announced just last week their first ever sale of nonperforming loans. Instead you know the current status quo is that these are being sold to venture capitalists who have no interest or very little interest in struggling homeowners; they're interested in turning a profit and it's, you know, eating up judicial resources, making the modification process and the settlement conferences just completely impossible, certainly for homeowners who are doing it on their own and even for those who are lucky enough to have an advocate.

And the second thing that I did just wanna touch on is that you know we are heartened by the efforts to do anti-displacement work in the city and the Mayor has committed \$36 million to fund civil legal services; that money is really targeting



tenants who will face displacement and eviction as a result of this anti-displacement work. What we would like to emphasize is that homeowners need these legal services as well; that they're also going to face really dire consequences and gentrification as a result of this anti-displacement work and it's important that those funds exist both to support tenants and also to support homeowners [bell] in those communities. So thank you for the opportunity to testify and of course we look forward to working with the City Council on these issues.

CO-CHAIRPERSON GARODNICK: Good. Thank you very much for making that point. The last word.  
[laughter]

GLEN GREENWICH: Good afternoon...  
[crosstalk]

CO-CHAIRPERSON GARODNICK: Thank you for your patience. Go ahead.

GLEN GREENWICH: Thank you for being here, for coming to this section, Southeast Queens. My name is Glen Greenwich; I'm part of Community Board 12; I actually run economic development as well as land use and I'm also a Director at Farmers Boulevard CDC.

I'm gonna be a little brief, but one of the things that got us where we are is the lack of responsible lending and certainly the banks need to be held accountable for their inability to, or actually really it is greed, because when you look at the -- in this community especially, when you look at the people who got loans who were -- we're taking about maybe 60-70 percent of the people in this community that got loans could've gotten fixed loans, but were pushed in variable rate loans because the banks were gonna make more money is atrocious, and the fact that none of them have been processed; there's been no legal, as far as I can tell, none of them have done any jail time, any criminal time, etc., which is atrocious. But we're here to talk about our opportunities our moving forward. And so one of the things that I think would lend itself to this opportunity is the Neighborhood Stabilization Partnership; that program has had some legs, but it didn't have legs here in Southeast Queens where it needed to. We've got properties that are owned by NYCHA and HPD throughout the community that have been a blight for 6, 7, 8 years, 10 years, which is ridiculous. When you look at and you talk about the

1 acquisition fund, what we're talking about for that  
2 last 10 years is that folks have been able to come in  
3 with \$2 or \$3 million and buy up these ROIs [sic]  
4 from the banks; that they're willing to do some of  
5 that. The testimony earlier was that they may not  
6 necessarily be all in the same area, but I think that  
7 we need to leverage those opportunities and make the  
8 banks [bell] come after the neighborhoods that we  
9 wanna target in order to revitalize. You know one of  
10 the things that we look at, we're here to talk about  
11 foreclosures, but one of the things that also  
12 collateral damage is jobs and so we need to be also  
13 looking at how to create the jobs so that we can have  
14 the homeowners sustain and be able to [bell] take on  
15 these properties. So one of the things that I would  
16 love to see that hasn't been talked about here is  
17 that when we look at these acquisition funds and  
18 these acquisition areas that we also look at putting  
19 the people in those neighborhoods back to work so  
20 that we focus not only on the revitalization of the  
21 homes and the homeowners but also utilize the  
22 workforce in these underutilized communities to  
23 support that economic... because it's about keeping the  
24 money in the neighborhood and circulating because the  
25

thing that's also occurred is that business corridors are just horrible because there's no new money coming, there's no new business... [crosstalk]

CO-CHAIRPERSON GARODNICK: Well that's right; I mean that's clearly both a cause and a consequence of all this... [crosstalk]

GLEN GREENWICH: Absolutely.

CO-CHAIRPERSON GARODNICK: and you know you solve one problem; you're not really solving it unless you actually have created some opportunities for people to be able to... [crosstalk]

GLEN GREENWICH: Absolutely.

CO-CHAIRPERSON GARODNICK: support what they're into. So I think that is a very good point and actually a good point for us to end on. We thank you all for your testimony and I wanna thank again Council Member Miller and Council Member Richards for their advocacy on this issue and for bringing this issue to the floor and my co-chair, Council Member Arroyo, for her advocacy on this issue and we clearly, I think, see here not only the problem, that is evident, but it is also clear to us that it's calling for not on the margin solutions, they're calling for big solutions and we're going to take a

1 hard look at what we can do; we'll work with the  
2 advocates and we'll work with the community members  
3 and I think this is one that is definitely worthy of  
4 our attention and so... [background comments] 'Kay.  
5 Chair Arroyo is gonna say something and then we're  
6 gonna finish up with Council Member Miller.  
7

8 CHAIRPERSON ARROYO: Well just to thank  
9 you to all who came out to provide testimony; the  
10 work that we do is so well-informed and move forward  
11 with the partnership and the work that you all do in  
12 the communities, so we would not do as well as we do  
13 without you, so I thank you all for that.

14 GLEN GREENWICH: Thank you for being  
15 here.

16 CO-CHAIRPERSON GARODNICK: Council Member  
17 Miller.

18 COUNCIL MEMBER MILLER: I wanna thank the  
19 Chairs, Garodnick and Arroyo for agreeing to do this  
20 hearing; it was really important, obviously there's a  
21 lot of conversation that we have had that goes on in  
22 the community on a consistent basis understanding  
23 what our real problems are; you know, last night we  
24 were in Cambria Heights talking about a land use  
25 issue and I made this announcement that we were gonna

1 be here today and while we were -- you had a 100  
2 people to come out and focus on that that you will  
3 look at those numbers Cambria Heights had the largest  
4 number of foreclosure in the city. Fact of the  
5 matter is, it has been a taboo subject matter but  
6 certainly something that we needed to talk about and  
7 I'm really, really just so honored that we were able  
8 to do this today, that the folks that came out -- I  
9 have had the opportunity over the last year and  
10 change in the Council to really be a part of some  
11 really dynamic, really informative hearings, but this  
12 one here by far, you know not just because it hit  
13 home, but all those people that we work with, all of  
14 those advocates that come -- this group here is so  
15 informed. At the end of the day we had answers and  
16 that there are some potential solutions out there.  
17 Prince, you know that you were here for the entire  
18 day; we talked about some of the things that we had  
19 reached out to the Administration with consistently  
20 about, you know there are things that if given the  
21 resources or not just given the resources, 'cause  
22 some of the resources already lie here within the  
23 community, but if we alleviate some of those  
24 impediments, some of those bureaucratic restrictions  
25

that exist to let go of some of those NYCHA properties, some of those HPD properties that we have proven entities within the community that have worked on it and that has done that, well we've obviously had those same experiences with some of the national organizations. But I think this was a great opportunity for all of that to come out today; it's a great opportunity for the communities to see how government operates, how we are engaged at this moment in time; you know I'm thankful to your college for allowing us here today; it's just been a phenomenal experience for me, but more importantly I'm so excited about the prospects of what is going to happen because of this hearing that occurred here today and I'm so thankful again to the co-chairs for agreeing to do this, so thanks everyone for coming out.

CO-CHAIRPERSON GARODNICK: Thanks Council Member Miller and with thanks to Alex Paulenoff, Rachel Harris, Elia Ali [sp?], Jose Conde, Jessica Ackerman, Adam Amit, Genevieve Michael and everybody else... [crosstalk]

COUNCIL MEMBER MILLER: Before you...

1 COMMITTEE ON COMMUNITY DEVELOPMENT JOINTLY WITH 216  
COMMITTEE ON ECONOMIC DEVELOPMENT

2 CO-CHAIRPERSON GARODNICK: who worked so  
3 hard on this.

4 COUNCIL MEMBER MILLER: And Ali  
5 Rasoulinejad and the great Jill Goldblum up there on  
6 my staff, thank you guys so much... [crosstalk]

7 CO-CHAIRPERSON GARODNICK: Good. We  
8 appreciate you and with that, this hearing is  
9 adjourned.

10 [gavel]

11 [background comments, applause, laughter]

12

13

14

15

16

17

18

19

20

21

22

23

24

25



C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date April 29, 2015