

Foreclosures Continue to Threaten Neighborhoods
by Courtney Gross
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Photo (cc) [dominic bartolini](#)
Predatory lending signs in Bedford Stuyvesant

Hugh Thomas stands tall (more than six feet) just outside of [Jamaica's Neighborhood Housing Services](#) -- a local nonprofit charged with solving the community's foreclosure crisis.

In reality, though, he is worn down.

Three years ago, the Queens resident, a native of the island of Jamaica, bought his first home for \$460,000 -- a one-family house in St. Albans, to share with his wife, a health care technician at Woodhull Hospital, and raise his three children, two daughters and a son, ages 5, 10 and 15.

But Thomas, an air-conditioning and refrigerator repairman, got his slice of the American dream thanks to two sub-prime loans. Now, he laments, he is on the brink of losing it all. Come January, Thomas's monthly payments are set to increase by 25 percent -- enough to force this family of five, who lives on approximately \$5,000 a month, back into renting.

"You try to make your family happy. You work hard and this is what happens," said Thomas, whose Jamaican accent is slight, but noticeable. He blames his sub-prime lender. "They trick you. A lot of my neighbors have lost their homes already."

Southeastern Queens, specifically Thomas's home turf, is ground zero for the city's foreclosure crisis. And the problem shows no signs of abating. Throughout the borough, foreclosure filings in the first three quarters of 2009 nearly surpassed the number of filings for all of 2008. Citywide, foreclosure filings for 2009 through September have already increased by 2 percent over all of 2008, according to data provided by [New York University's Furman Center for Real Estate and Urban Policy](#). Almost 95 percent of those filings were in the outer boroughs clustered in minority areas, like Jamaica.

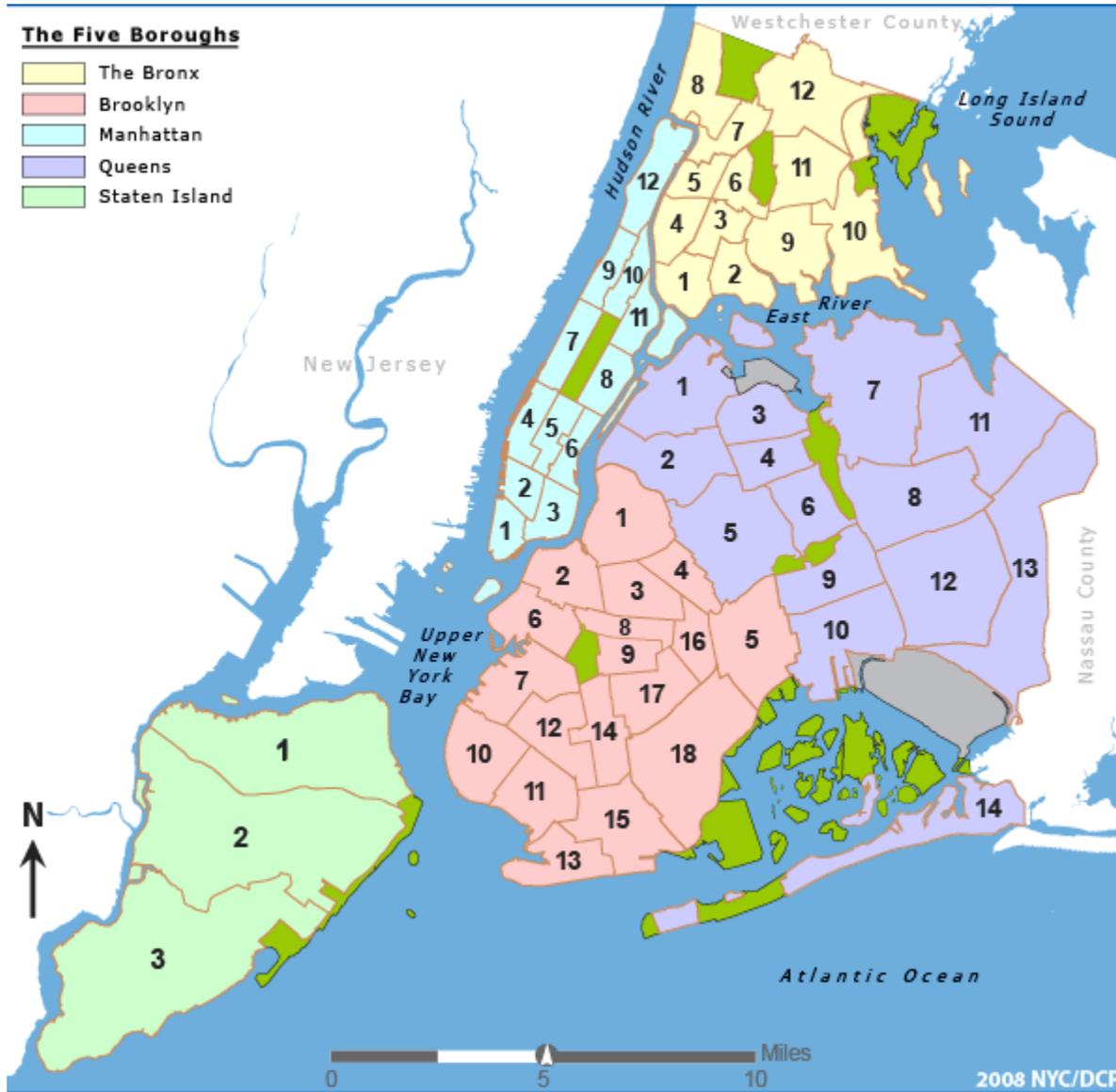
Months after the country's foreclosure crisis [wreaked havoc](#) in cities from Detroit to Las Vegas, the outer boroughs are feeling the cataclysm now more than ever. Experts and activists on the ground fear abandoned homes could replace promises of development, lower crime rates could start to reverse and property values in adjacent communities could plummet.

The city and state have responded by encouraging homeowners to see mortgage counselors gratis, funding the renovation of some bank-owned properties into affordable homes and expanding its original

foreclosure rescue program to those beyond sub-prime loans.

But for some, including Thomas, these solutions may not be enough.

From Crisis to Catastrophe?



Bronx, CD 3, Morrisania/Crotona 2007: 88 2008: 69 2009: 61
Bronx, CD 4, Highbridge/Concourse 2007: 60 2008: 75 2009: 74
Manhattan, CD 12, Washington Heights/Inwood 2007: 34 2008: 17 2009: 22
Manhattan, CD 11, East Harlem 2007: 10 2008: 30 2009: 66
Manhattan, CD 10, Central Harlem 2007: 58 2008: 78 2009: 73
Manhattan, CD 9, Morningside Heights/Hamilton 2007: 14 2008: 39 2009: 21
Manhattan, CD 7, Upper West Side 2007: 26 2008: 29 2009: 38
Manhattan, CD 8, Upper East Side 2007: 25 2008: 27 2009: 47
Manhattan, CD 4, Clinton/Chelsea 2007: 24 2008: 30 2009: 45
Manhattan, CD 5, Midtown 2007: 14 2008: 18 2009: 57
Manhattan, CD 6, Stuyvesant Town/Turtle Bay 2007: 20 2008: 27 2009: 51
Manhattan, CD 3, Lower East Side/Chinatown 2007: 9 2008: 5 2009: 13
Manhattan, CD 2, Greenwich Village/Soho 2007: 5 2008: 9 2009: 31
Manhattan, CD 1, Financial District 2007: 20 2008: 25 2009: 57
Brooklyn, CD 15, Sheepshead Bay 2007: 173 2008: 184 2009: 212
Brooklyn, CD 13, Coney Island 2007: 89 2008: 69 2009: 111

Brooklyn, CD 11, Bensonhurst 2007: 91 2008: 83 2009: 92
 Brooklyn, CD 12, Borough Park 2007: 118 2008: 154 2009: 261
 Brooklyn, CD 10, Bay Ridge/Dyker Heights 2007: 55 2008: 74 2009: 83
 Brooklyn, CD 7, Sunset Park 2007: 86 2008: 94 2009: 101
 Brooklyn, CD 14, Flatbush/Midwood 2007: 133 2008: 130 2009: 164
 Brooklyn, CD 18, Flatlands/Canarsie 2007: 773 2008: 779 2009: 794
 Brooklyn, CD 17, East Flatbush 2007: 545 2008: 519 2009: 458
 Brooklyn, CD 6, Park Slope/Carroll Gardens 2007: 70 2008: 59 2009: 55
 Brooklyn, CD 9, South Crown Heights/Prospect 2007: 196 2008: 154 2009: 161
 Brooklyn, CD 2, Fort Green/Brooklyn Heights 2007: 95 2008: 110 2009: 141
 Brooklyn, CD 16, Brownsville 2007: 369 2008: 328 2009: 250
 Brooklyn, CD 3, Bedford Stuyvesant 2007: 866 2008: 740 2009: 668
 Brooklyn, CD 8, Crown Heights 2007: 267 2008: 231 2009: 237
 Brooklyn, CD 5, East New York/Starret City 2007: 910 2008: 854 2009: 740
 Brooklyn, CD 4, Bushwick 2007: 439 2008: 410 2009: 352
 Brooklyn, CD 1, Greenpoint/Williamsburg 2007: 54 2008: 95 2009: 172
 Queens, CD 5, Ridgewood/Maspeth 2007: 181 2008: 244 2009: 247
 Queens, CD 2, Woodside/Sunnyside 2007: 73 2008: 85 2009: 105
 Queens, CD 1, Astoria 2007: 107 2008: 107 2009: 106
 Queens, CD 3, Jackson Heights 2007: 360 2008: 435 2009: 482
 Queens, CD 4, Elmhurst/Corona 2007: 150 2008: 204 2009: 210
 Queens, CD 6, Rego Park/Forest Hills 2007: 46 2008: 53 2009: 62
 Queens, CD 7, Flushing/Whitestone 2007: 230 2008: 224 2009: 259
 Queens, CD 8, Hillcrest/Frsh Meadows 2007: 176 2008: 193 2009: 239
 Queens, CD 11, Bayside/Little Neck 2007: 120 2008: 140 2009:155
 Queens, CD 12, Jamaica/Hollis 2007: 1908 2008: 1810 2009: 1589
 Queens, CD 13, Queens Village 2007: 1078 2008: 1087 2009: 1077
 Queens, CD 9, Kew Gardens/Woodhaven 2007: 550 2008: 586 2009: 620
 Queens, CD 10, S. Ozone/Howard Beach 2007: 588 2008: 632 2009: 613
 Queens, CD 14, Rockaway/Broad Channel 2007: 466 2008: 435 2009: 416
 Bronx, CD 9, Parkchester/Soundview 2007: 305 2008: 256 2009: 305
 Bronx, CD 10, Throgs Neck/Co-Op City 2007: 144 2008: 182 2009: 199
 Bronx, CD 6, Belmont/East Tremont 2007: 104 2008: 88 2009: 82
 Bronx, CD 11, Morris Park/Bronxdale 2007: 170 2008: 179 2009: 190
 Bronx, CD 12, Willilamsburg/Baychester 2007: 537 2008: 525 2009: 541
 Bronx, CD 8, Riverdale/Fieldston 2007: 28 2008: 38 2009: 41
 Bronx, CD 7, Kingsbridge Heights/Bedford 2007: 63 2008: 62 2009: 53
 Bronx, CD 5, Fordham/University Heights 2007: 55 2008: 70 2009: 68
 Bronx, CD 2, Hunts Point/Longwood 2007: 46 2008: 45 2009: 61
 Bronx, CD 1, Mott Haven/Melrose 2007: 46 2008: 39 2009: 54
 Staten Island, CD 3, Tottenville/Great Kills 2007: 377 2008: 435 2009: 457
 Staten Island, CD 2, S. beach/Willowbrook 2007: 276 2008: 344 2009: 363
 Staten Island, CD 1, St. George/Stapleton 2007: 609 2008: 759 2009: 754

Roll over a community district to see the number of foreclosure filings per year. Data was provided by the Furman Center for Real Estate and Urban Policy. Figures from 2009 only reflect the first three quarters of the year.

Walk down 88th Avenue in Jamaica. In just two blocks between 169th Street and 171st, according to [RealtyTrac](#), five homes are in the process of foreclosure. One already has been taken over by the bank. A notice on one door, where weeds have grown over a narrow pathway, warns trespassers to keep out.

Hopeton Prendergast, a resident of 89th Avenue for seven years, says it's not uncommon to see the remnants of homes lost every week -- furniture, clothing and lives strewn along the curb.

"Every week you got someone's stuff on the street," said Prendergast, who was hanging out outside a local convenience store advertising soda and cold beer. "Some of them have children."

Those homeowners account for 1,589 foreclosure filings in Jamaica this year through Sept. 30, 2009, according to the Furman Center. In neighboring Queens Village, there have been 1,077. The trend trickles down the city's eastern border, spreading south to Canarsie in Brooklyn. (See our map above for a breakdown of foreclosures by year since 2007 per community district).

But just a river away, Greenwich Village and SoHo have seen only 31 filings through September.

The isolated pockets of foreclosure filings, experts say, reveal the number of homeowners in default has multiplied mostly in minority neighborhoods. Areas like Bedford Stuyvesant or East New York have seen 12 times the number of defaults as Midtown. Canarsie and Flatlands, have almost 800 foreclosure filings this year -- nearly five times the number seen so far in Brooklyn Heights in 2009.

Experts attribute this disparity, in part, to the fact that minority homeowners were much more likely to receive sub-prime loans than white borrowers, and thus more likely to default on them. According to a [report](#) released last week by the Furman Center, the percentage of black borrowers in New York City with subprime loans in 2007 -- the height of lending -- was seven times that of white borrowers.

In Jamaica, the city's foreclosure epicenter, nearly [75 percent of all residents](#) are black and only 1.6 percent are white. Mortgage counselors there say homebuyers currently in trouble had gone through a local lender and usually received a sub-prime loan. Few went to a national bank -- which are few and far between in that area of Queens -- for a mortgage, said housing counselors.

For many community activists and nonprofits, the foreclosure numbers have resonated.

"I hate this map," [Neighborhood Housing Services](#) interim Chief Executive Officer Bernell Grier said at a recent forum. Behind her, a map pinpointed areas of foreclosure filings by district. Southeastern Queens had too many black dots to count. "I hate it because when you look at the concentration of where the dots are and when you know these communities, what have really been hardest hit have been communities of color and ethnic populations. These communities are being really devastated."

The problem, however, doesn't end there. Experts predict the city could see a 33 percent increase in foreclosure filings by year's end compared to 2008. While some of it can be attributed to a 90-day moratorium on foreclosures [enacted by the State Legislature](#) at the end of last year, the crisis has spread from financially unstable homebuyers caught by catchy sub-prime slogans to those affected by the city's [10.3 percent employment rate](#).

With hours cut and jobs lost, dreams of homeownership disappear too.

A Nonprofit Approach

Inside Neighborhood Housing Services of Jamaica some homeowners wait more than a half hour to be seen. On one of the lime-green walls, a poster from the city's new advertising campaign targeting the financially burdened asks, "Debt stress? You're not alone. We can help you."

Housing counselors enter the waiting room and take homeowners back one by one. Most meetings last an hour. Each counselor reviews a new client's paperwork and makes a budget. "How much is your water?" one counselor asks. "How much is your cell phone?"

These counselors are at the intersection of city, state and federal programs -- all of which attempt to tame the flood of foreclosures, some with more success than others. Neighborhood Housing Services goes through every property owner's crisis one at a time, working with lenders to renegotiate the terms of the mortgage -- a process that can take up to three months, counselors say. In New York, it takes at least a year for a home to go through the foreclosure process.

In Jamaica, Neighborhood Housing Services have seen about 500 people this year and successfully secured an affordable mortgage agreement for 100 of them. The mortgages can be renegotiated under a federal program known as "[Making Home Affordable](#)," established by the Obama administration in March. Under the program, only 2,000 of 500,000 loan modifications have been made permanent, according to a review by [Congress](#) last month. Those numbers have spurred the Obama administration

to announce a new [campaign](#) to apply pressure to lenders to modify more mortgages.

Back in Jamaica, another 300 modifications are under review, counselors said.

Cerinely Disla and Helen Maxwell are just two of the counselors based at Neighborhood Housing Services. So far this year, they say, they've been booked up.

This nonprofit is one in a network established by the Bloomberg administration last year called the [Center for New York City Neighborhoods](#). The center and its [partners](#), which include Legal Services NYC and the Neighborhood Economic Development Advocacy Project, provide free advice and legal services to homeowners at risk of foreclosure. This center has been the administration's primary response to the foreclosure crisis.

And so far, it has had varied success. Citywide, said Executive Director Michael Hickey, the center has seen 6,000 homeowners since July 2008. Of those 1,400 have applied for loan modifications. Only 25 percent of those changes have actually been approved by the lender.

"Those numbers are not as high as we'd like them to be," said Hickey, saying banks are inundated with requests and overwhelmed. "We're trying to make an elegant solution out of chaos."

The center also helps coordinate mortgage settlement conferences -- a state-mandated court negotiation between both the homeowner and the lender aimed at finding a solution between the parties before the foreclosure process kicks off. According to a [report](#) released by the center last month, these conferences have been ineffective in New York so far, resulting in a compromise in just 3 percent of cases out of nearly 800 surveyed. The conferences have been far more successful in other areas, [particularly Philadelphia](#).

Earlier this month, the state [expanded the program](#) to require conferences for all foreclosure proceedings. Previously it only applied to those with sub-prime loans. The state expansion will put sanctions on lenders who appear at conferences unprepared to negotiate, correcting a major defect in the original program, said Hickey. It also will require courts to report on the conferences' effectiveness. While not a "panacea," the revisions are a good start, Hickey added.

Elsewhere, the Bloomberg administration has [allocated](#) \$24 million of its federal stimulus funding to a local nonprofit, [Restored Homes](#). The group is gearing up to purchase more than 100 foreclosed properties in 45 targeted ZIP codes -- from Jamaica to Staten Island's North Shore. Starting in January, said Executive Director Salvatore D'Avola, it will renovate and sell the former bank-owned properties for between 80 and 120 percent of the area's median income.

The effort is an attempt to avert a '70s-era like crisis, when tax foreclosures inundated neighborhoods and abandoned properties sprinkled blocks. Even so, Restored Homes only targets a small percentage of the bank-foreclosed homes. In 2006, lenders had acquired 280 foreclosed properties citywide, according to the Furman Center's Executive Director Sarah Gerecke. Two years later, about 1,800 properties have been acquired, she said.

"It's a small impact," said D'Avola. But, he continued, "We're going to make that impact as great as possible."

Those familiar with the program are less confident. One affiliate said lenders have hesitated to sell foreclosed properties at a discount. As a result, Restored Homes may have to pare down the renovations or sell the properties at a higher cost.

More Government Intervention?

Despite these programs, residents, community leaders and experts fear neighborhoods, particularly those that have been hard hit, like Jamaica, will struggle to recover from not only the initial foreclosure crisis, but its side-effects.

Ingrid Gould Ellen, co-director of the Furman Center, says higher rates of foreclosures can precipitate

other problems that lead to disinvestment in neighborhoods, such as high vacancy rates, a potential increase in crime and elevated levels of mobility in the neighborhood's schools. A [study](#) by the Furman Center last year found areas with more foreclosures can have spillover effects on adjacent property values, effectively discounting other properties in the area. In effect, Ellen says, foreclosures disrupt neighborhoods by more than just boarding up doorways and emptying mailboxes.

"We made so much progress in so many neighborhoods since the late 1970s," said Ellen. "The worry now is in certain areas the foreclosure crisis is threatening to undermine that progress and reverse it."

Although anecdotally residents and housing activists and even the area's City Council member say there has been an uptick in crime thanks to more vacant properties, police department [statistics](#) show crime in Jamaica has decreased by more than 16 percent from 2008 to 2009. In Bedford-Stuyvesant, another high foreclosure area, overall [crime](#) is down by more than 16 percent, although felony assaults are up by 14 percent.

Fears have also been sparked over how the crisis will affect renters. Last month, Ann Bragg, a resident of East Harlem and a leader at advocacy group Community Voices Heard, received a letter saying her landlord, who owns dozens of buildings throughout Upper Manhattan, was starting the foreclosure process. Now she wonders what will happen to the building's conditions and her neighbors as a result.

"Do we get sold off and traded again to another predatory investor group who only cares about making more money?" Bragg asked at a City Council hearing on foreclosures last week. "And in the meanwhile, what will happen to our services and quality of life? Do we suffer even more through the cold winter without basic services or repairs while hungry investors get to receive returns on their investments?"

Besides the programs already offered for defaulted homeowners, officials have said little on how to handle hard hit neighborhoods moving forward. Last week, City Council members were at a loss at how to help.

"I unfortunately believe we have patchwork policies," said Councilmember Melissa Mark Viverito of East Harlem. "I'm trying to figure out how we can tackle this."

But it's somewhat a waiting game. While foreclosure filings have increased dramatically since 2005, actual foreclosures have remained steady, say experts. That could be because banks are waiting to see if property values will recover before they acquire defaulted homes, which would allow banks to sell them for more at auction later. Stakeholders are encouraging officials to pressure banks to let residents stay and, in the meantime, ease up on homeowners — such as forgiving water and sewer liens for those in default.

"We're possibly going to live through a long tail in terms of the possible distress to these communities," said Hickey of the Center for New York City Neighborhoods. "The solutions that should have been to protect these communities were not there. Best you can do [now] is go through one loan at a time and fix it."

Waiting Game

Back in Jamaica, Thomas is still scrounging for help. When his mortgage payments increase by 25 percent in January, he knows his family will no longer be able to get by.

"I'm trying to get help before it happens, but I'm hitting a brick wall everywhere I go," he said moments after seeing a housing counselor.

For now, policymakers plan to help those who can afford their homes with a small modification to stay in them. If rejected, experts say the city should help get these residents new housing, but ensure their neighborhoods are not trampled in the meantime.

"Policy shouldn't be directed at keeping all residents in every home. It can't be," said Ellen. "If they really can't, we want to figure out how they can exit as gracefully as possible."

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