



Immigrant Neighborhoods in New York Continue to Reel From Mortgage Foreclosures and Job Losses



Photo: The Furman Center

By Maibe Gonzalez Fuentes, FI2W contributor

NEW YORK — Four years ago Jorge Guerrero, a 46-year-old Ecuadorian immigrant, realized his dream of buying a house.

“They (real estate brokers) served everything on a silver tray for me,” Guerrero recalled in a phone interview in Spanish. “They told me that because my wife and I had a good income I didn’t even have to use my savings to buy a house, I could get a loan for the full price, rent the upper floor and the basement to pay the mortgage, and refinance to lower the interest rate.”

It seemed too good an opportunity to pass up. He bought a house in Jamaica, Queens for \$580,000. But things did not go quite as planned. The upstairs tenants failed to pay their rent for months, and Guerrero lost \$10,000 in defaulted rents and legal fees.

“And then the whole economy went down and everything changed,” he said.

His wife, an accountant, was laid off from work in September of 2007; Guerrero suffered an accident at his workplace in July that will prevent him from working for at least six months. Today, after four years of making mortgage payments without a single

interruption, he still owes \$595,000 — \$15,000 more than he spent on the house in 2005, while the actual value of the property has plunged to \$500,000.

Guerrero's options, which he explained with the precision of someone who has spent a lot of time researching, are foreclosure, bankruptcy or loan modification. While the latter is his preference, it is not an easy path.

It is still too early to say what the foreclosure crisis will look like by the end of 2009, but the signs are not good. Federal Reserve Chairman Ben Bernanke said in a recent interview with PBS that 2.8 million Americans are expected to lose their homes this year.

The impact in immigrant communities is expected to be severe. "Anecdotally, we are expecting things to get worse before they get better because a lot of people are losing their jobs," said Ericka Stallings, a housing coordinator for the New York Immigration Coalition (NYIC). "For people who already have loans, things are problematic because of the economic decline, and for those who don't have a loan it is more difficult now for them to get a loan," she added.

Unfortunately, data seems to support Stalling's assumptions. According to figures recently released by PropertyShark.com, heavily-immigrant Queens was the only New York City borough to experience an increase in foreclosed homes during the second quarter of 2009, compared to the same time last year. Queens' population is 46 percent foreign-born, according to the New York City Planning Department.

Stephan Dookeeram, a mortgage expert and foreclosure counselor for the Pratt Area Community Council in Brooklyn said that while the organization is experiencing a decline in the number of clients affected by the sub-prime mortgage crisis, they are seeing more people seeking help after losing their jobs.

"From September 2008 to April 2009 we were receiving tons of sub-prime mortgage cases; now what we see is a lot of job losses," said Dookeeram.

Dookeeram was hired last September to respond to a significant increase in the number of foreclosure cases brought on by the subprime crisis. He said his unit receives at least 10 cases a week of people at risk of losing their homes because their income has been reduced or evaporated. More than 90 percent of the clients are immigrants or African American. New York City's unemployment rate reached 9.5 percent in June, the highest rate since July 1997.

"They got ripped off because they didn't understand the terms. No one explained it to them. Mortgage brokers, real estate agents, attorneys were all working together to deceive the homeowner," said Dookeeram.

Dookeeram's view is backed up by the Furman Center Fact Sheet on the Neighborhood Stabilization Program released a few weeks ago. It says that foreclosures in New York City are incredibly concentrated, and they overwhelmingly affect neighborhoods of color.

One of the main problems now, said Dookeeram, is that loan modifications are very difficult to obtain, leaving homeowners with reduced incomes stranded on a one-way road to foreclosure.

Jorge Guerrero, the Queens homeowner, has been working with Dookeeram for a few weeks now trying to get a modified loan. “This is a good example in which, if the banks act now, the situation can be easily resolved,” Dookeeram said. “But banks don’t easily respond to people’s needs.”

“Buying a house is the American dream, but that was true in the 50s and 60s, now this is a big nightmare. With the experience I have now I would have done everything differently, but there was no way to know the future,” Guerrero said.

With 2,059 foreclosures in the last five years, Jamaica is one of the New York neighborhoods with a high rate of foreclosures, according to Neighborhood Economic Development Advocacy Project (NEDAP), a public policy resource center serving community groups in New York City. Queens Community District 8, which includes the area of Jamaica, is 60 percent non-white.

“A lot of people have left the neighborhood. I know a man who went back to Guatemala after losing his home, and a Peruvian man who is living in New Jersey with a relative,” said Guerrero.