

## II. A Look Back at the Year in Affordable Housing, 2003

### Introduction

During 2003, New York City's housing developers, financial institutions and advocacy groups participated in a wide variety of projects designed to expand affordable housing options for low- and moderate-income New Yorkers. This section of the *State of New York City's Housing and Neighborhoods* provides a brief overview of some of the activities and projects that took place during 2003. The focus here is on 2003 to coincide with our most recent data. It is a testament to the vitality of the City's housing community that this overview will only scratch the surface of the activity in this sector. Groups or organizations that would like their 2004 achievements included in next year's report should provide information to the Furman Center at [furmancenter@nyu.edu](mailto:furmancenter@nyu.edu).

### Housing Production and Rehabilitation

A significant amount of affordable housing was produced or rehabilitated in New York City during 2003 due to the cooperative efforts of government agencies and the nonprofit and for-profit sectors. The following section reviews some of the contributions each of these sectors made to the development of affordable housing during 2003.

#### Government

The New York City **Department of Housing Preservation and Development** (HPD) sponsored a variety of programs to rehabilitate city-owned buildings and transfer them to private ownership in 2003.

Fiscal Year 2004 (July 2003-June 2004) marked the first full year of HPD's implementation of the *New Housing Marketplace: Creating Housing for the Next Generation*, Mayor Bloomberg's commitment of \$3 billion toward the creation and preservation of 65,000 housing units over five years. In FY 2004, HPD started rehabilitation on a total of 5,033 units, and completed another 5,556. HPD also gave owners of 94,443 units tax incentives for rehabilitation work, an increase of 25 percent from last fiscal year. HPD also promotes new housing construction on private and City-owned land by providing subsidized financing, land and other benefits. In FY 2004, 3,112 new units were started in construction and 2,435 were completed using those tools.

As part of the City's overall strategy to return City-owned residential property to private owners, HPD has programs that target occupied and vacant City-owned buildings for rehabilitation and sale to community-based owners. In FY 2004, 217 buildings with 1,843 units were sold under these programs.

In 2003 the NYC **Housing Development Corporation** (HDC), a public benefit corporation that finances the creation and preservation of affordable housing in New York City, originated, committed or completed re-financings totaling \$595 million. In addition, HDC financed 2,969 new housing units. HDC plays a major role in the New Housing Marketplace and in 2003 launched several program initiatives to support the Mayor's five year housing plan, including a commitment of \$500 million to finance 17,000 apartments over the next five years. HDC also plays a large part in a second New York City housing initiative, the Liberty Bond Program, to support redevelopment of Lower Manhattan. During fiscal year 2003, HDC issued \$245 million in Liberty Bonds to finance the new construction and office conversion for two developments, generating over 1,000 new units of hous-

ing in Lower Manhattan.

The United States **Department of Housing and Urban Development** (HUD) continued its contribution to housing developments in New York City in 2003. HUD supported the new construction of an assisted living facility in Staten Island with an FHA-insured mortgage totaling more than \$11 million; the facility added seventy-five beds to the city's stock. Further, HUD provided a \$45 million mortgage guarantee to rehabilitate a nursing home in the Bronx containing 608 beds. Also, HUD closed six Section 202 projects for the elderly in Manhattan, Brooklyn, and the Bronx with capital advances in excess of \$60 million and 461 prospective units of housing.

In addition to new construction and rehab projects, HUD refinanced sixteen apartment buildings and insured the mortgages for over 2,300 units in those buildings. Thirty-one percent of these buildings are in the Bronx, 44 percent are in Brooklyn, 13 percent are in Queens, and 6 percent are in Manhattan and Staten Island. All of the sixteen refinanced buildings are in "underserved" areas.

In 2003 there were 115,000 individuals and families receiving Section 8 vouchers in New York City. Federal allocations for these vouchers totaled \$830 million. HUD also supported housing development in the city through Low Income Housing Tax Credits, which give states the budget authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households.

In addition to the direct financing of housing, HUD also provided the **New York City Housing Authority** (NYCHA) with over \$1.1 billion in 2003 for the operation, maintenance and construction of approximately 180,000 public housing units that NYCHA owns and operates throughout the five boroughs.

In 2003, NYCHA awarded 316 modernization contracts, valued at \$219.8 million, for work at 184 developments consisting of 136,084 units. Types of work financed included replacement and upgrades to boilers, doors, windows, bathrooms, electrical systems and roofs. HUD's Comp Capital Fund Program funded the majority of this work. The remaining awarded contracts were funded by the Community Development Block Grant Program, New York State Modernization Program, and New York City Capital Budget.

Another government agency, the New York State **Division of Housing and Community Renewal** (DHCR), awarded \$93 million in affordable housing awards to initiatives across New York State. All five boroughs received these awards. Below are a few examples of the projects in each of the boroughs that received funding.

The **Aquinas Housing Corporation** in the Bronx was awarded \$867,486 in Low Income Housing Tax Credits (LIHTC) and more than \$1.6 million through the Housing Trust Fund (HTF) program, which addresses the need for safe, affordable housing opportunities for seniors, families and individuals. The Housing Trust Fund, administered by the Housing Trust Fund Corporation, provides State funding to help construct new housing, to rehabilitate vacant or under-utilized residential property and to convert vacant non-residential property to residential use. The Low Income Housing Tax Credit program, administered by DHCR, provides a dollar-for-dollar reduction in federal income tax liability for project owners who develop rental housing that serves low-income households.

In Manhattan, DHCR awarded the **Emanuel Ame Development Corporation** \$2.7 million through the Homes for Working Families Initiatives (HWF). HWF is a housing development program which provides Housing Trust Fund Corporation financing assistance of up to \$35,000 per unit in New York City for the new construction/rehabilitation of family or senior rental projects. Under this

program, more than 50% of the project cost must be financed with tax-exempt bonds which are issued by a public authority and allocated from the New York State Private Activity Bond Volume Cap.

In Brooklyn, DHCR awarded **Riverdale Senior Housing LLC** \$1.5 million through HTF and more than 1.3 million through LIHTC. In Queens, DHCR awarded \$1.8 million through HTF to **Women of Faith, Inc.** and \$680,000 in LIHTC. In Staten Island, DHCR awarded \$25,000 to **Northfield Community Local Development Corp.** of Staten Island through the RESTORE, or Residential Emergency Services to Offer (Home) Repairs to the Elderly, program. RESTORE funds are used to pay for the cost of emergency repairs to eliminate hazardous conditions in homes owned by the elderly when the homeowners cannot afford to make the repairs in a timely fashion.

### Nonprofit Organizations

New York City's nonprofit housing sector was also actively involved in the production of housing in 2003. Most of the projects described below involved rehabilitation, but several of the organizations also worked on new construction projects.

#### *Community Development Intermediaries*

The **Local Initiative Support Coalition** (LISC) and the **Enterprise Foundation**, two national community development intermediaries, helped scores of nonprofit, community-based organizations continue their efforts to produce and rehabilitate New York City housing in 2003. Through their joint syndication vehicle, the New York Equity Fund, these intermediaries have worked with over seventy community development corporations (CDCs) and financed approximately 1,000 units in New York City in 2003. On its own, LISC NYC made loan commitments totaling approximately \$15.5 million, grant commitments totaling approximately \$330,000, and equity commitments totaling approximately \$106 million.

On its own, Enterprise New York helped build and renovate 1,737 affordable homes and invested \$106 million in related equity and loans. Enterprise New York committed over \$8 million in acquisition, predevelopment and construction low-interest loans to local nonprofit organizations. The Enterprise Social Investment Corporation, a subsidiary of the Enterprise Foundation, worked with 119 sponsors who managed 257 projects, 869 buildings, 13,156 units and \$796 million in equity.

The **Housing Partnership Development Corporation** is one of the City's leading intermediaries for affordable homeownership development. In 2003, the New York City Housing Partnership worked closely with HPD to close construction loans for nine projects containing 466 units in Brooklyn and Queens under the New Homes/Neighborhood Builder Programs. Under the programs, for-profit developers build housing on city-owned land with additional subsidies from HPD and the New York State Affordable Housing Corporation (AHC). Households earning less than \$75,000 were eligible to purchase the single, two- and three-family homes. The total development cost of the projects, which were financed by private lenders, was more than \$72 million, with private sector financing totaling nearly \$50 million. With assistance from AHC, the Partnership also began working with a private developer on Fountain Avenue II, a \$14.3 million development of 42 two-family homes in Brooklyn. In 2003, more than 400 new homeowners moved into Housing Partnership developments. More than 3,000 homes were in predevelopment or in construction during 2003.

The **Parodneck Foundation**, in 2003, helped arrange for over \$32 million in commitments for rehab work on the Banana Kelly buildings, which provide affordable rental housing for low- and moderate-income tenants, including the formerly homeless. As part of its HDFC (Housing Develop-

ment and Finance Corporation) program, the Parodneck Foundation provided extensive technical assistance with project planning and loan packaging in preparation for moderate and gut rehabilitation of Banana Kelly's twenty-three HDFC buildings in the Longwood and Hunts Point neighborhoods of the South Bronx, affecting a total of 566 units. The Banana Kelly rehab projects are financed primarily through the **Community Preservation Corporation** and HPD. This is part of an effort to rescue the Banana Kelly Community Improvement Association, which had been under investigation by the NYS Attorney General's office. The investigation forced a complete change in the board and executive leadership. For the Parodneck Foundation, this is a special project designed specifically to rescue Banana Kelly from serious financial, legal and management problems. The project was initiated at the request of the NYS Attorney General's office, which negotiated a settlement whereby Banana Kelly's prior leadership resigned and was replaced by a volunteer board that included Bronx Borough President Fernando Ferrer as chair and Parodneck Foundation President Harold DeRienzo as president. During 2003 Parodneck assumed a large part of the day-to-day responsibility for righting the troubled organization's finances and developing a plan for restoring its deteriorated buildings.

#### *Rehabilitation and New Construction Projects*

**Phipps Houses**, one of the nation's largest not-for-profit developers, owners and managers of affordable housing, continued its rehabilitation efforts in 2003. Phipps Houses completed construction on 334 East 96<sup>th</sup> street, a 17-unit apartment building that is part of NYC's Inclusionary Housing Program. The Inclusionary Housing Program, enacted in 1987, is a voluntary incentive program that provides floor area bonuses to developers who create affordable units in specific areas. In partnership with **BFC Construction**, Phipps rehabilitated this formerly derelict building to provide homes for eight prior occupants; the rest will be leased to moderate income families. Rehab was funded by a zoning bonus on a nearby, otherwise unrelated luxury apartment building.

In 2003, the **Urban Homesteading Assistance Board** (UHAB) had over 1,700 units in eighty-five buildings in its development pipeline. One-third of UHAB's projects are affordable to households with incomes at 40% of AMI or below, two-thirds are affordable to households with incomes between 40% and 60% of AMI. All of UHAB's development projects will result in tenant-run limited equity co-ops. UHAB also began construction on eight buildings (203 units) that will cost \$40 million, financed through the City's Participation Loan Program. UHAB has ten buildings (159 units) in pre-development.

The **Abyssinian Development Corporation** rehabilitated three properties in Manhattan in 2003: 26 West 130<sup>th</sup> Street, 34 W. 130<sup>th</sup> Street, and 150 West 136<sup>th</sup> Street, affecting a total of 9 units. These projects cost \$2.8 million and were financed by HPD and LISC as a part of the Neighborhood Homes Program.

**Settlement Housing Fund** worked on nine rehabilitation projects in New York City in 2003: two in Bedford-Stuyvesant and seven in Harlem and Washington Heights. The \$34 million Bedford-Stuyvesant renovation, financed by Citigroup, involved thirteen buildings and affected a total of 468 units.

In 2003, the Parodneck Foundation's **Community Assisted Tenant Controlled Housing** (CATCH) worked on two rehabilitation projects in Central Harlem and Highbridge (South Bronx). The projects, which cost a total of \$20.2 million, will create 132 units of high-quality, affordable housing. Thirty-six of the units in the Highbridge project will be fully handicap accessible. Both pro-

jects were financed through HPD's Neighborhood Redevelopment Program (NRP), which uses a blend of city capital budget money, HOME funds, and LIHTC monies.

**Asian Americans for Equality** completed construction in 2003 on Norfolk Apartments II, a 52-unit low-income rental housing development in the Lower East Side community. The \$9.5 million project — fully occupied in 2003 — was funded by subsidies from the NYS Housing Trust Fund and by Low Income Housing Tax Credits from Enterprise Social Investment Corporation.

Through AAFE's Community Homes program in Queens, AAFE currently owns thirty-six 1-4 family homes in Queens that are being renovated and sold at 5%-20% of market value. At the end of 2003, eight of the properties were in contract or had a contract pending.

**Habitat for Humanity** used \$1.5 million and over 5,000 volunteers to help build a ten-unit condominium in Central Harlem affordable to families earning 55% to 80% of the area median income. The project was primarily funded by private grant financing and some governmental grant assistance. Habitat for Humanity used land that the City granted at a nominal cost, then the core, shell and specialty trades of the condominium were built by a General Contractor and Habitat for Humanity volunteers, while the future homeowners complete the interiors and all finishes. Habitat for Humanity also created thirteen units of new construction — row houses in the South Bronx — at a project cost of \$2.5 million.

The **Fifth Avenue Committee** was active in both housing creation and rehabilitation. The St. Augustine Senior Housing Project, a venture between FAC and **St. Augustine Roman Catholic Church**, is a \$4 million senior housing project which will produce 14 units of new construction of permanent housing for very low-income seniors. Also, FAC is rehabilitating 22 affordable units in seven buildings in Park Slope, Sunset Park and Red Hook.

### **Housing Preservation and Anti-Abandonment**

As part of the City's strategy to preserve existing housing and break the cycle of abandonment, the **Department of Housing Preservation and Development** (HPD) anti-abandonment initiative focuses on education, investment and enforcement in privately owned buildings. In Fiscal 2004 HPD assessed 7,540 properties and determined that 2,305 were at risk of abandonment. Anti-abandonment treatments commenced on seventy-three percent of the buildings identified as at risk. Another 1,709 properties not yet in poor condition were assisted in order to prevent their deterioration.

### **Supportive Housing**

A number of organizations made significant efforts during 2003 to increase permanent, affordable supportive housing opportunities for individuals with mental and physical disabilities. In supportive housing, tenants typically pay one-third of their income on rent with the remaining rent covered by rental subsidies.

**HUD**, a federal agency involved in supportive housing programs, awarded New York City over \$69.5 million in 2003 for 163 supportive housing projects under its Continuum of Care program. These projects run the gamut from new housing developments for the homeless to the renewal of existing projects that merit continued funding.

Much of HPD's and HUD's funding for supportive housing services was distributed to a variety of nonprofit organizations throughout the City. Many of these organizations, including Community Access and Common Ground, are members of the **Supportive Housing Network of New**

**York** (SHNNY), a coalition of over 160 nonprofit organizations across New York State. SHNNY member agencies provide permanent affordable housing for adults and families with limited incomes, including those who are formerly homeless, have mental or physical disabilities, are living with HIV/AIDS or are recovering from substance abuse. The organization offers resources, public education and advocacy on behalf of both the community that provides supportive housing and the 25,000 tenants currently living in supportive housing.

### Rehabilitation Projects

Member agencies of the Supportive Housing Network of New York were responsible for five rehabilitation projects affecting 220 units in 2003. The total development cost of these projects was \$16.5 million, which was provided by HPD, the Supportive Housing Loan Program, the Homeless Housing Assistance Program (HHAP), and federal McKinney-Vento funding from HUD.

The **Association for Rehabilitative Case Management & Housing**, a SHNNY member agency, rehabilitated the Sabra Goldman House in Queens. The Sabra Goldman House contains fifty-one housing units for persons with mental illnesses, including people from hospitals or Community Residences. The development was financed through the State Office of Mental Health. **Heritage Health & Housing** and the **South Bronx Overall Economic Development Corporation** rehabilitated Jasmine Court in the Bronx. Jasmine Court contains 115 units for persons with mental illness and HIV/AIDS, as well as ex-offenders. The development of this project was financed by LIHTC, the Federal Home Loan Bank's Affordable Housing Program, NYC HPD's Supportive Housing Loan Program, and the State Office of Mental Health. In Brooklyn, SHNNY member agency the **Institute for Community Living, Inc.**, rehabilitated the Pratt Residence. This project, financed through the State Office of Mental Health, created twenty units for chronically homeless adults. Palladia and The Bridge in Manhattan were rehabilitated by member agencies **Chelsea Court** and **McKinney Supportive Housing Program**, respectively. Palladia contains eighteen units for formerly homeless and low-income adults and was financed through HPD's Supportive Housing Loan Program, LIHTC, and HUD McKinney Supportive Housing Program. The Bridge, which contains sixteen units for formerly homeless adults, was financed through the HUD McKinney Supportive Housing Program.

In January 2004, **Common Ground** opened the Chelsea Residence, which provides a total of 207 apartments: 147 units of permanent supportive housing, 20 units for the Work-Related Housing program, and 40 units for the pioneering Foyer program. The Foyer program is a housing-based career development program targeting young adults who are "aging out" of foster care. Common Ground collaborated on the project with the YMCA (the former owners), community leaders and HPD.

### New Construction

Member agencies of the Supportive Housing Network of New York were responsible for six new construction projects creating a total of 296 units in 2003. The total development costs for these projects was over \$30 million. Two of these projects were located in the Bronx – Archie's Place, containing units for persons with mental illness, low-income adults from the community, and long term shelter residents; and 1794 Anthony Avenue, containing twenty-eight units for adults and families with HIV/AIDS. These developments, constructed by **Geel Community Services** and **Promesa Housing**, respectively, were financed by HPD's Supportive Housing Loan Program,

LIHTC, commercial banks, and the NYS Office of Temporary and Disability Assistance Homeless Housing Assistance Program.

In Brooklyn, member agency **Institute for Community Living, Inc.** constructed 44-52 Lewis & Myrtle, creating forty-four total units for adults who have a history of mental illness and substance abuse. Development was financed through the State Office of Mental Health. Also in Brooklyn, 614-20 Marcy Avenue was constructed by **Services for the Underserved**, creating fifty total units for adults who are homeless with mental illness. This development was financed by LIHTC and the State Office of Mental Health. In Manhattan, the Ortiz Wittenberg Residence, constructed by member agency **Hope Community**, created forty-four units for homeless adults and families as well as low-income people from the surrounding area. The development was financed through LIHTC, NYC HPD and NYS HFA 85/85 Program. Also in Manhattan, **Weston United Community Renewal, Inc.** was responsible for the creation of Casa Renacer, with sixty total units for adults who are homeless, have a mental illness, or are low-income and from the surrounding community. Development was financed through NYC HPD's Supportive Housing Loan Program, Federal Home Loan Bank's Affordable Housing Program and HOME dollars from the NYS DHCR.

### **Financing Affordable Housing**

New York City benefits from the efforts of a wide variety of intermediary organizations and financial institutions that provide capital for housing construction, rehabilitation and purchase. Many of these organizations also support development of affordable housing through charitable contributions to community-based housing organizations and through other philanthropic activities.

#### Intermediary Organizations

**Community Preservation Corporation (CPC)** is sponsored by eighty banks and insurance companies which supply construction credit lines and provide commitments to purchase long-term loans. In Fiscal Year 2003, CPC closed a total of \$438 million in loans in 237 separate transactions, creating or restoring more than 5,800 housing units throughout New York City, New York State and New Jersey. In Brooklyn, CPC closed more than \$78 million in new construction loans to finance homeownership projects in Williamsburg, Greenpoint and Fort Greene. In Manhattan, Barnard College is building faculty and student housing with a \$26 million construction loan.

In Manhattan and the Bronx, as mentioned in a previous section, CPC helped rescue the Banana Kelly project in 2003. The City asked CPC to refinance Banana Kelly's twenty-four properties by using a mix of City and CPC funds to remediate tax arrears and pay for long-deferred repairs. Two loans have closed, two have been committed, and CPC is in the process of underwriting loans for nineteen more buildings, for a total investment of over \$50 million.

**Neighborhood Housing Services** of New York City (NHSNYC) is a not-for-profit citywide organization working to increase and protect investment in underserved low- and moderate- income neighborhoods, help people help themselves through education, build communities that encourage and support neighborhood self-reliance, and create, preserve and promote affordable housing in New York City neighborhoods. In 2003, NHSNYC, along with its corporate and government partners, invested over \$207 million in New York City's communities. NHSNYC had twenty-two buildings in pre-development, fifty-two buildings in construction and sold twenty-two buildings to private owners. New construction in the South Bronx will provide fourteen two-family homes for low-income,

first-time homebuyers. NHSNYC facilitated \$71.4 million for 338 families to receive their first mortgage for a house. NHSNYC also originated and closed \$6.2 million in rehabilitation loans and grants, helping 177 residents repair their homes. New York's senior residents learned about using the equity of their homes for reverse mortgages; 334 such mortgages were facilitated, totaling more than \$67.8 million.

In 2003, **Low Income Investment Fund (LIIF)** approved financing of approximately \$29.6 million for the rehabilitation of structures proposed for a variety of residential and related uses. All were located within the greater New York metropolitan region, including the boroughs of Brooklyn, Manhattan, and the Bronx, as well as the City of Yonkers. Of this amount, \$26 million was earmarked for the gut rehabilitation of commercial structures to create shelters with enriched social services for homeless adults. The remaining amount was approved for supportive housing residences targeted to adults leaving the criminal justice system, transitional and permanent housing for formerly homeless families, and affordable tenant-owned cooperatives. The shelter financings include 20-year loan participations with a nationwide denominational pension fund. The latter will receive operating contracts from the New York City Department of Homeless Services. Supportive housing loans were made to **Palladia, Inc.** and **Housing Works, Inc.** Transitional and permanent housing loans were provided to **Westhab, Inc.** Operating capital to support the development of tenant-owned co-ops was provided to the **Urban Homesteading Assistance Board.**

The **New York Emerging Neighborhood Fund, L.P.**, an investment fund formed to purchase, invest in, manage and improve real estate investments in the low- and moderate-income neighborhoods of New York City, continued upgrading and improving the management, physical condition, and security of the buildings that it owns. The Sponsors of the Fund completed other rehabilitation projects through an affiliated entity, **Gateway Properties, LLC.** In 2003, the second phase (with fifty-eight units in three buildings) of a two-phase gut rehabilitation of 166 units in ten buildings in Harlem was completed under the NEP program of HPD. Total development costs for both phases of the project totaled approximately \$19.5 million. City capital, federal HOME and Low-Income Housing Tax Credits financed the project.

Finally, the Sponsors of the Fund, through another affiliated entity, **West 112<sup>th</sup> Street LLC,** undertook predevelopment of a city-owned vacant building and vacant lot for development into forty-one units of middle and moderate income housing under HPD's Cornerstone Program and HDC's NHOP Program. Construction began on June 24, 2004. Using bonds from HDC secured by a letter of credit from the Bank of New York, this \$8.1 million project is expected to reach completion in September of 2005.

The **AFL-CIO Housing Investment Trust (HIT)** and its companion program, the **AFL-CIO Building Investment Trust (BIT),** have invested \$495 million in housing construction, preservation, and single-family mortgages for union members in New York City since creating their New York City Community Investment Initiative (NYCCII) in 2002. During 2003, HIT committed \$108.2 million in debt financing to preserve the affordability of four cooperative buildings built under the Mitchell-Lama program. These projects offer over 8,600 units of housing for low and moderate income residents. In the Bronx, HIT committed an additional \$14.6 million to the rehabilitation of an elderly care facility.

The Building Investment Trust, a \$1.6 billion equity investment vehicle, also invested \$34.9 million in the Opal, a 388-unit, 12-story apartment building, of which 20% of the units will be for households earning up to 50% of the median income. The total development cost of this property,



located in the Kew Gardens section of Queens, was \$109.2 million. The building received public funding in the form of 80/20 tax-exempt bond financing through the Housing Finance Agency of the State of New York, §421(A) tax abatements, and Low-Income Housing Tax Credits. Fleet Bank provided construction funds for the project.

HIT HOME, the Trust's homeownership program for union members and municipal employees, works with Countrywide Home Loans and Fannie Mae through the NYCCII. In 2003 this program assisted 746 working families in the city's five boroughs to obtain a total of \$141.8 million in mortgage financing.

### Commercial Banks

Individual banks in New York were very active both philanthropically and in construction and permanent financing for a wide variety of housing-related purposes in 2003.

The **Bank of New York** (Bank) provided debt facilities and equity investments totaling over \$150 million for Low Income Housing Tax Credits projects that have created over 2,800 units of housing for low and moderate income individuals in 2003. The Bank also provided community development grants totaling approximately \$600,000 to New York City 501(c)(3) non-profit organizations primarily involved in affordable housing and economic development. Under HPD's Third Party Transfer Program, the Bank supplied its first \$2 million construction loan for the rehabilitation of two residential buildings in the South Bronx. Additionally, the Bank participated in the financing for a project that created 119 affordable housing units in a Midtown apartment building.

**Citibank Community Development's** (CCD) combined real estate lending, home mortgage lending, equity investments and philanthropy was approximately \$300 million in 2003. CCD continued as a partner with the City and developers, providing credit enhancements for projects such as the 468-unit affordable housing rental project developed by The Settlement Housing Fund in Bedford Stuyvesant, Brooklyn and a construction loan for the 93 unit NEP cluster in East New York, Brooklyn. Citibank participated in The New Ventures Incentive Program (NewVIP), a component of Mayor Bloomberg's New Housing Marketplace initiative. NewVIP is a predevelopment loan fund that will finance land acquisition, architectural and engineering costs, surveys, phase I and II environmental surveys and environmental insurance, as well as remediation work. Approximately \$60 million in new investments were also made in low-income housing tax credit equity funds. In addition, The Citigroup Foundation provided over \$1 million in grants in 2003 to support the housing and shelter efforts of New York City's nonprofits.

In 2003, **Deutsche Bank** initiated new financing initiatives totaling \$31.8 million in support of the creation of new affordable housing. In addition, the Deutsche Bank Americas Foundation provided grants totaling nearly \$4.5 million in support of community development projects. Among these Foundation initiatives were the Working Capital program, which granted a total of \$750,000 to ten CDCs, and the DB SHARE program, which committed \$450,000 to supportive housing providers, all in support of the creation of affordable housing. The initiatives of the Foundation will help generate nearly 1,200 units of housing.

**Fannie Mae** was also extremely active in housing construction financing in 2003. Through the American Communities Fund, Fannie Mae provided \$30.6 million in new construction financing. Two construction loan participations - Strivers Gardens and 1955 First Avenue - closed for a total investment of \$30.5 million. In addition, ACF made a \$171,000 predevelopment loan for an affordable condominium in Hastings-on-Hudson.

**Fleet National Bank**, which merged in 2003 with **Bank of America Company**, supplied \$52.6 million in rehabilitation lending in various areas in Brooklyn, the Bronx and Harlem, leveraging a total development cost of approximately \$70 million. About 5,400 units for low to moderate income families were affected by these projects. Fleet also extended approximately \$157 million in new construction dollars to create over 1,125 housing units. In addition, Fleet supported intermediary lenders such as the New York Mortgage Coalition, Neighborhood Housing Services and Habitat for Humanity.

In 2003, **GreenPoint Bank** originated 4,706 loans representing over \$1.3 billion in New York City. Over 27% of GreenPoint's loans in New York City were in low- and moderate- income census tracts, representing over \$344 million. In 2003, GreenPoint had 262 total community development loans for \$82 million throughout the New York City metropolitan area. Nearly all loans reported were multifamily affordable housing loans that were fully funded in the year that they were originated or purchased. GreenPoint's community development loans originated in 2003 also included childcare facilities that provided foster care services and commercial activities in low- and moderate- income communities.

In 2003, **JPMorgan Chase** provided \$30.5 million in philanthropic support to organizations in New York City, including more than \$15 million in grants in support of community development efforts. JPMC made fifty-three grants totaling \$2.2 million in support of affordable housing construction, rehabilitation and neighborhood development. Examples include a \$40,000 grant to the Mt. Hope Housing Company, which was founded in 1986 in the Mount Hope section of the mid-Bronx to address the disinvestment and abandonment that plagued the Bronx at that time. It currently manages 1,250 units of affordable rental housing in thirty-two buildings. JPMC also provided a \$45,000 grant to the Fordham Bedford Housing Corporation, one of the largest CDCs in NYC. It currently manages seventy-five buildings with more than 1,750 residential and commercial units.

Aside from funding grants, JPMorgan Chase also originated 20,003 mortgages in the City. Of these loans, 11.2% of originations in 2003 were made in low- and moderate- income (LMI) census tracts, and 6.4% of originations in 2003 were made to LMI borrowers. JPMorgan Chase also funded \$28.6 million in multifamily mortgages in LMI census tracts in 2003.

**Washington Mutual** provided \$4.6 million in grants to nonprofit organizations in New York State in 2003, with New York City being the most significant beneficiary of this philanthropy. Of the grants, \$1.7 million went towards community development and affordable housing goals. Through the State of New York Mortgage Agency's bond program, Washington Mutual also provided \$5.2 million in first-mortgage funding for nineteen low and moderate income first-time homebuyers in New York City. In addition to these activities, Washington Mutual contributed to numerous rehabilitation projects in 2003, including a \$15.4 million, ninety-three unit development in Central Harlem, a \$2.4 million, eighteen unit rehabilitation of two vacant buildings in the Bronx, and a \$6.8 million, forty-eight unit development in the East Village for moderate income families.

## **Education and Advocacy**

### Homeownership Education

New York City has a rich supply of organizations whose purpose is to educate tenants and potential homeowners about, among other things, buying a home, maintenance and improvement of property and the dangers of predatory lending.

## *Homeownership Training*

Fannie Mae and several banks took an active role in educating the community on homeownership in 2003. **Fleet** operated education programs for first time homebuyers in conjunction with community groups such as Neighborhood Housing Services and NYMC. **Citibank** conducted eighty-one seminars in conjunction with its not-for-profit partners and affiliated developers; cumulatively these seminars reached almost 4,500 potential homeowners. Through Citibank's network of Financial Centers in the New York City area, another 150 seminars were conducted that reached out to 1,000 potential homeowners. **GreenPoint's** support for local mortgage counseling programs included working with the New York Mortgage Coalition and NHS to educate over 5,000 individuals at seminars and housing fairs. Of those who attended the varied fairs and seminars GreenPoint supported, in excess of 1,000 individuals went on to one-on-one counseling with the ultimate goal of becoming homeowners. **Washington Mutual** played a part in providing Homebuyer Education classes - covering mortgage interest rates, down payments, home inspections, closing costs, and working with brokers and lenders - to more than 450 individuals, assisting them with understanding homeownership. Classes are taught in several languages, including Spanish and Chinese. Fannie Mae provided financial and technical support for the Harlem Community Home Buyers Fair. The home buyer fair includes credit counseling and access to lenders, realtors and developers. The **Bank of New York** supports homeownership education programs in conjunction with community based groups throughout New York City. Examples of such programs include the Neighborhood Opportunities Fund, Housing First, National Association of Affordable Housing Lenders, and the Center for Community Lending.

In 2003, more than 14,000 New York City residents throughout the five boroughs became part of the education process at **Neighborhood Housing Services** and received pre-and post-purchase homeownership education. Participants learned about getting the appropriate insurance to protect their homes, attended home maintenance training classes, attended financial fitness classes and went through landlord training. NHSNYC's financial fitness course was attended by a record number of residents.

**New York Mortgage Coalition**, which prepares low and moderate individuals and families for homeownership by providing financial literacy education, individual mortgage counseling and access to grants and affordable loan products, continued to educate New Yorkers in 2003. 2,640 New Yorkers benefited from individual homeownership counseling. After this counseling, 667 clients obtained affordable prime rate mortgages with a total value of \$121 million.

**Asian Americans for Equality**, through its affiliate AAFE Community Development Fund, has developed extensive homeownership programs to assist clients in purchasing their first home and avoiding financial risks, such as predatory lending schemes. AAFE CDF secures mortgage financing, and also provides down payment and closing cost assistance loans, as well as rehabilitation loans. In 2003 they counseled 447 new clients, had 103 clients purchase homes, helped secure over \$17 million in mortgage financing, and helped eight families avoid foreclosure.

**Abyssinian Development Corporation's** Homeownership Workshop Series focuses on the role that professionals have in the home buying process. The class focuses on several key components of homeownership, including financial and legal aspects, predatory lending, searching for a home, and protecting the investment. Once the workshop series is completed, HELP conducts individual counseling. Though targeted at Harlem residents, this program is open to all. The program received funding from Citibank, GreenPoint, Fleet and Fannie Mae.

## *Maintenance and Improvement*

New York City's **Department of Housing Preservation and Development**, through a series of lectures, seminars and hands-on training to building owners, managers, superintendents and others in the housing field, provided information on building management and maintenance as well as cost effective measures to prevent housing deterioration. Over 7,000 students participated in the program this year, 1,500 more than expected. In addition, 2,465 individuals took advantage of the various lead education classes offered, including Environmental Protection Agency-certified courses in safe work practices and lead abatement activities.

As part of **Neighborhood Housing Services'** ongoing education efforts, 1,300 Staten Island residents learned about protecting their homes from water damage through the Water Loss Prevention Pilot Program.

## *Predatory Lending*

**Neighborhood Housing Services of New York City** educated over 1,900 residents about predatory lending via seminars on foreclosure prevention and predatory lending. There were 24 families that NYSNYC assisted through prevention foreclosure mitigation agreements valued at \$4.6 million.

Since 2002, **New York Mortgage Coalition** has managed the Homeownership Stabilization Initiative (HOSI), an anti-predatory lending project, for the Association for Neighborhood & Housing Development. Community organizing campaigns in three targeted neighborhoods - Bedford-Stuyvesant, Cypress Hills and Jamaica - along with outreach and education throughout NYMC's service area reach homeowners and first-time homebuyers who may be at risk of taking unnecessarily high-cost home loans. Under HOSI, anti-predatory lending education reached 5,380 people in seminars in 2003, with another 404 educated door-to-door by community organizers.

## Advocacy and Policy

In 2003, the **Real Estate Board's** advocacy efforts to secure liberty bonds to stabilize and enhance emerging residential development bore fruit: eight projects totaling over 2,900 units received Liberty Bonds that enabled them to proceed. In addition, nine projects with another 2,900 units are being planned. Following 9/11, the federal government authorized \$8 billion in Liberty Bonds, which provided tax exempt financing for commercial, residential and retail development targeted primarily for Lower Manhattan. REBNY has urged the federal government to extend the December 31, 2004 Liberty Bond deadline. They argue that the extension is important for most of these approved housing developments that need time to complete the documents needed to close on this government financing.

REBNY has also been a strong advocate for streamlined operations at the Department of Buildings, greater computerization, fewer requirements in the certificate of occupancy process and specialized high-rise teams for plan examination. At REBNY's urging, the Department has instituted a Project Advocate system, a program to permit issuance of final certificates of occupancy even when alterations are in progress, and substantial improvements to the computer system.

The **Pratt Institute Center for Community and Environmental Development (PICCED)** advocated for the expanded use of inclusionary zoning, including mandatory inclusionary zoning in areas being rezoned to allow for increased residential development along with voluntary zoning incentives elsewhere, as a way to create thousands of units of affordable housing without requiring

substantial additional public subsidies. PICCED published a policy report making the case for the feasibility of inclusionary zoning, and helped to convene a citywide coalition of groups advocating for this policy. PICCED also held policy forums and published research on affordable housing in Lower Manhattan (as part of the Beyond 16 Acres project), an early stage progress report on the use of New Markets Tax Credits, and a paper on cooperative housing as a strategy for developing multifamily homeownership. PICCED also continued to run trainings for not-for-profit organizations on affordable housing development and overall organization development.

The **Association for Neighborhood and Housing Development** focused its advocacy efforts in 2003 on tax credit expiration and New Marketplace issues. The Year-15 Tax Credit Working Group has met regularly and has involved a dozen member organizations. The group has functioned as a forum for information, self-help, identification of critical issues and direct advocacy, and also helped structure a special seminar presented by LISC and Enterprise.

In 2003 **Asian Americans for Equality** began an advocacy and education effort aimed at Asian American tenants living in expiring-use buildings (project-based Section 8 and Mitchell-Lama) in Lower Manhattan. Because of language barriers or unfamiliarity with the programs, these tenants required special help in gaining information, organizing as part of the larger community, and gaining access to technical assistance. AAFE worked in collaboration with tenant coalitions and Council Member Alan Gerson's office.

In the aftermath of September 11<sup>th</sup>, AAFE and more than twenty-six community partners launched the Rebuild Chinatown Initiative, a community-planning initiative designed to help Chinatown recover from the economic impact of the tragedy and develop a comprehensive plan to guide future development. Entitled "America's Chinatown: A Community Plan," the plan includes recommendations for using zoning, incentives, and tenant organizing to both preserve and increase the affordable housing stock.

In 2003, **Housing First!** - a coalition of hundreds of community, business, civic, labor and religious organizations – worked to increase capital funding and expand and improve the city's initiatives. Housing First! made efforts to educate the City Council on the positive benefits of investing in housing and contributed to a \$25 million increase in capital funding. In a report, "Affordable Housing for All New Yorkers: A Review of Mayor Bloomberg's New Housing Marketplace Plan," Housing First! examined the Mayor's plan in relation to their 10-year goal of producing and preserving 185,000 affordable homes. The report made specific recommendations for increasing funding for housing and additional steps that could be taken to improve the regulatory environment. Housing First! media efforts continued to successfully keep the affordable housing challenge in the public eye.