

WESTCHESTER COUNTY BOARD OF LEGISLATORS
COMMITTEE ON HOUSING & PLANNING
Tuesday, May 25, 2010, 9:30 am
MEETING MINUTES

In Attendance

Committee Members: Leg. William Burton, Chair; Legislators Peter Harckham, Judy Myers, Martin Rogowsky, Bernice Spreckman and Alfreda Williams. Advisory Members: Geoffrey Anderson, Blanca Lopez, and Dennis McDermott. Committee Coordinator: Barbara Dodds. Others: BOL: Chris Giliberti, Larry Goldstein, Mindy Berard; Ken Befer, Westhab; Karen Schatzel, LWVW; Lisa Buck, The Bridge Fund; Norma Drummond, Dept. of Planning; Katy Delgado, CE's Office; Frengiz Surty, HAC.

With a quorum present, Leg. Burton opened the meeting and began the discussion on **foreclosures in Westchester**. Norma Drummond reported that foreclosures are lower than last year. Judgments are also lower but still not where they should be and may peak later this year. She presented a table reflecting default filings, judgments and the percent of judgments to filings from 2005 through April 2010. A listing of foreclosure judgments by municipality for Jan-Dec. 2009 and Jan-April 2010 was also distributed.

After a 14-month lag, the \$7.3 million grant agreement with the NYS **Neighborhood Stabilization Program** (NSP) has finally come in to enable the County Planning Dept. to purchase foreclosed homes in census tracts identified by HUD where the risk of abandonment is the highest. An example is a Peekskill home that was originally on the market for over \$600,000. The County is acquiring the house directly from the bank for \$179,000. The Planning rehab specialist is working with the city building inspector to make sure the house is what it is supposed to be. The rehab estimate to make it marketable is \$250,000. The resale estimate is about \$250,000 to eligible homeowners with incomes between 100% and 120% of county median. A deed is included restricting future sale for 20 years to such eligible owners under the same conditions. The banks usually require a 48-hour turn-around for approval from the municipality. After acquiring the property, the County will secure bids for rehab work. When the rehab is completed, the home is sold to eligible homeowners and the proceeds will be turned around to purchase and rehab another house.

The County has until December 20th of this year to identify and purchase properties with the grant. Within only six weeks, the department has identified 15 properties. Currently, the first round of good prospects is in Peekskill (4), Mount Vernon (12), and Yonkers (10). The second round is expected to be in Port Chester, Sleepy Hollow, Ossining, and Mount Kisco. Michael Martino, the county real estate consultant who used to be a vice-president with the NYS Finance Agency, is identifying properties in the target areas that fit the criteria. The focus right now is on two to four-family houses. The purchases will be through the Community Capital Resources, the Mount Vernon Urban Renewal Agency, the Housing Partnership of New York and the Yonkers Housing Development Finance Corporation. The County does not get into the chain of title so these purchases will not require BOL action. Funding will be provided to these agencies for purchase and to carry the properties until they are sold to a buyer so that the taxes are paid, the grass is cut and the properties will not be a detriment to the neighborhood. The County has a separate contract with HUD-approved housing counseling agencies under the auspices of the Housing Action Council to help ensure that there will be a ready pool of eligible buyers when the houses are ready. Rehab will primarily include energy items to keep the house affordable such

as new roofs, windows, and heating systems as well as upgrading appliances to an energy star minimum.

Leg. Harckham asked how effective the County's **eviction prevention program** has been in saving people from foreclosure. Ms. Drummond said the County has contracts specific to foreclosures with Westchester Residential Opportunities (WRO) and Human Development Services of Westchester (HDSW) and Housing Action Council (HAC). Three recipients of funding were present and responded.

Geoffrey Anderson, Exec. Dir. of WRO: funding in 2010 allowed them to help clients achieve 5 permanent modifications and 16 trial modifications. Two or three months after the banks approve trial modifications they often deny the permanent modification. He also noted that professional level victims—especially lawyers, won't come for help because there is a perceived stigma. He suggested that the County Executive do a PSA to tell people having mortgage troubles that no matter what their socio-econ status, they need to take action and not wait for the problem to disappear. Leg. Harckham asked to have the WRO numbers for 2009 when they are available. *

Blanca Lopez, Program Director of HDSW in Port Chester: In the first 6 months of the HUD year, October 1 to March 31, 241 individuals received budget counseling, 16 had mortgages modified, 14 were in trial modifications and 3 were able to sell in a short sale. The preparation work for multiple conferences is extensive. For modifications, the bank documents are often 40 pages or more. Even after a trial modification, there is still the possibility that a permanent modification will be denied. Leg. Harckham noted that it appears, in spite of their best efforts, the agencies are losing a lot of folks. All felt they were helping a lot. Ms. Lopez said that they have been able to help 60-70% of the people who come to them get trial modifications. Mr. Anderson noted that seniors are part of the unseen population being helped by these grants. They go into foreclosure because they can't pay their property taxes. WRO helps them avoid foreclosure and possibly secure a reverse mortgage.

Fregiz Surty, Home Ownership Counselor, Housing Action Council: their client population is mostly at 3-6 months in arrears, earlier than most, and about 15-20% are current but know they will shortly be in arrears. Even with the government incentives like Imminent Default to help people who are draining their savings and borrowing from their families, the banks are too overwhelmed with all the people who are really in trouble. Ms. Lopez added that those homeowners in early stage are taking risks to apply for bank options like forbearance. There is no guarantee that a modification will be given, meanwhile their credit scores are impacted and they must pay late fees and expense account fees.

Dennis McDermott added that a large number of properties in foreclosure would not qualify for help because a) the home is not owner occupied, b) there is some fraud in the package and the people don't have the income. Mr. Anderson added that the most significant component of County funding is the piece for legal assistance because without that, there is little the agencies can do to help the families who don't have the resources to represent themselves. Ms. Surty commented that there are so many different things the homeowners are required to respond to that even attorneys would find it hard and counselors need the legal backup.

Referring back to the NSP, Leg. Burton asked the ability to find properties was hindered by HUD setting the location priorities. Ms. Drummond said they were only limited in Yonkers which specifically wanted to focus on zip code 10711. The impact to help turn around a neighborhood and get buildings sold is greater, she added, when several properties can be bought

on one street. But multiple foreclosures in a row are more attractive to private investors who might see large developments instead of homeownership.

Leg. Harckham asked what more can the legislature do to assist the counseling agencies. Ms. Lopez suggested organizing more face-to-face time with lenders instead of just 9 to 2 for conferences when the counselors have 20 homeowners waiting. Perhaps a longer day at a central place like County Center where appointments and time can be coordinated. Ms. Surty added that the decision makers are in a secure black box and cannot be reached directly. Many are overseas. It would be helpful if the legislators could influence the lenders to assign negotiators to the cases, professional-to-professional, who can make the deal. In about 80% of the cases there isn't one person responsible for the file.

Leg. Rogowsky said that we need to bring in some of the top banks doing business with the County and talk about some of the things that are making negotiations difficult. There is no reason why we can't ask for cooperation to assign responsibility and create transparency so that people don't have to run around. Leg. Burton asked Mr. McDermott how effective such a meeting would be. Mr. McDermott said it depends on whether the banks the counselors deal with are depository banks with corner branches or if they are mortgage servicers. The servicing model originates and services mortgages, collects payments on time and pays investors. Large high profile banks with many branches and a lot of customers will go out of their way to accommodate. Then there are invisible entities that are far away. Ms. Surety said their biggest problem is when investors are not willing to do any loss mitigation whatsoever. Two big investors in the area will not do any modifications at all. The homeowner can either pay regular mortgage payments and a portion of whatever they owe or do a short re-payment plan of up to 24 months. While the number of cases affected by these investors are small, all the counselors can do is tell the homeowner to try to sell their home and good luck.

Ms. Lopez commented that although we can't force any bank or investor to do a modification, the agency counselors will sometimes come up with a creative package and try to do a negotiation. However, across the board, the person talking on the phone seems to be just reading notes from a computer. She said if legislators could use their influence and encouragement so the agencies could talk to just the depository banks, that would be a big help. Leg. Rogowsky commented that even if we got just 30% that are depository banks. Leg. Myers asked who does the decision making. Leg. Rogowsky said we don't need to know. How the bank does it we don't care. But somebody cares. Ms. Drummond said the federal government gave banks an incentive program—Making Homes Affordable—that encourages banks to make modifications with \$1500 a month for three months but there was no incentive built to give final modifications. Ms. Lopez said you have to warn the homeowner of the risk—the modification may end up being the same amount in a final deal but the cash flow and timing are different. They may still not be able to afford it. Some of the people coming in should not have been homeowners but unconscionable lenders preyed upon many.

RECEIVED AND FILED: 6. HON. WILLIAM RYAN: Purchase of County-owned Property: Constituent letter re purchase of county property. 5/10/10 H&P Motion to receive and file, moved by Leg. Harckham, seconded by Leg. Myers, all voted in favor. Motion to adjourn was moved by Leg. Rogowsky, seconded by Leg. Myers, all voted in favor.

* Westchester Residential Opportunities (WRO) figures for 2009: 1,245 clients served; 44 successful loan modifications—34 were permanent. Only 2 cases ended in foreclosure.