

For Immediate Release

Contact: Petra Tuomi
CNYCN
(646) 786-0884
(551) 358-7672 cell
ptuomi@cnycn.org

NON-PROFIT TRACKS PRESSURES OF NYC'S ECONOMIC CRISIS ON HOUSING AND HOME OWNERSHIP IN THE CITY

Homeowners Cite Loss of Income as Primary Cause of Foreclosure Risk, Not Mortgage Crisis

NEW YORK, October 5, 2009 – According to the Center for New York City Neighborhoods, Inc. (CNYCN), data collected over a 13-month period reveals that of 4,652 homeowners who sought free mortgage counseling through the CNYCN network, 2,103 (45%), cited loss of income as the main reason for their mortgage delinquency. In addition, of the 1,429 requests for a loan modification by homeowners, only 330 (23%) were completed within the reporting period, July 2008 through August 2009.

Since July of 2008, CNYCN has provided housing counseling and legal services to 5,300 homeowners through its network of nonprofit partners. By carefully recording data from these intermediaries, CNYCN is able to document larger trends in the city's foreclosure crisis. For additional information of charts showing this data, visit www.cnycn.org. Key findings over the past year include:

- 5,300 homeowners sought community-based counseling through the CNYCN network regarding financial difficulties;
- 4,652 specifically said they were experiencing mortgage distress. Of these, 2,103 (45%) said that loss of income was the source of their difficulty and 1,380 sought legal advice regarding a housing issue;
- 1,429 homeowners requested assistance in submitting a mortgage modification request, but only 330 (23%) resulted in a loan modification from a lender; 1,099 were pending.

CNYCN is an independent non-profit created in 2008 to address the local repercussions of the national foreclosure crisis. CNYCN works with and provides funding for more than 30 nonprofit, community-based organizations that assist homeowners in Queens, Brooklyn, the Bronx, Staten Island and Manhattan. CNYCN grew out of efforts by local leaders, including Mayor Michael R. Bloomberg and City Council Speaker Christine Quinn, to create a systemic response to rapidly rising mortgage defaults and foreclosure filings, particularly in communities hardest hit by subprime and other unconventional loan products as well as job loss. New Yorkers seeking assistance can be connected

directly to CNYCN telephone operators by calling 311 and simply saying “foreclosure.” They will then be directed to free, reputable service providers in their communities.

“The data from these counseling sessions provides a sobering look at housing trends in communities around the city with high levels of economic distress,” said Michael Hickey, Executive Director of the Center for New York City Neighborhoods. “It also demonstrates that our work has just begun, with much more to be done in terms of providing the information and resources needed to help homeowners remain in their homes.”

The data captures services homeowners requested when they visited CNYCN’s network partners’ locations. By far the greatest need was housing counseling. For example, nearly 2,014 clients received assistance with budget planning and more than 1,400 received assistance submitting a loan modification request. Still, only 23% of those modification packages submitted actually resulted in a formal modification plan being offered by the bank by the time the data collection period ended.

Other housing counseling services needed were assistance with submissions of hardship requests, counseling and referrals for legal services, initiation of forbearance agreement/repayment plans, assistance with credit repair/credit reporting efforts, and referrals to another social service or emergency assistance agency.

“Homeowners still experience delays and report poor service from the loss mitigation teams at the banks, and we are continuing to make every effort to ameliorate this unfortunate situation,” said Mr. Hickey. “Through its unique partnership with community-based organizations, CNYCN is helping to set the stage for housing recovery in New York City’s neighborhoods. A key element in this effort is our ongoing work with lenders and service providers to help them become more responsive to the needs and financial condition of troubled homeowners whose loans have become unaffordable due to the economic downturn.”

CNYCN also tracked information about legal services that were provided to consumers. In a total of 1,380 advice and counsel sessions, legal assistance providers offered representation at settlement conferences, non-litigation advocacy, referral to housing counseling, litigation, private counsel or other advocacy, help obtaining a pro bono representative, and bankruptcy assistance.

The report also noted the results of the allocation of additional resources to CNYCN’s network partners. CNYCN had awarded grants to network partners across the City, leading to an increase in services due to the hiring of more than 70 new foreclosure prevention specialists: 30 legal professionals (18 attorneys and 12 paralegals), 43 counseling staff (28 counselors and 8 support staff), and seven more outreach workers.

The Center for New York City Neighborhoods (CNYCN) is a nonprofit organization whose mission is to provide free housing counseling and legal services to New York City residents at risk of losing their homes to foreclosure. CNYCN is funded by

grants from the New York City Council and the NYC Department of Housing Preservation & Development as well as from foundations, corporations, lenders, and banks.

CNYCN partners with over 30 nonprofit, community-based organizations. New Yorkers can call 311 and be connected directly to CNYCN telephone operators by simply saying “foreclosure.” They will then be directed to free, reputable service providers in their communities. For more information, visit www.cnycn.org.

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