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NYS Affordable Housing Corporation Awards \$2 Million to Housing Partnership Development Corporation to Launch “Neighborhood Stabilization Initiative”

Program Will Buy and Rehab Foreclosed Homes to Help Neighborhoods

NEW YORK—Wednesday, May 7, 2008—The board of the **New York State Affordable Housing Corporation (AHC)** today approved a \$2 million grant to help fund the **Housing Partnership Development Corporation’s** Neighborhood Stabilization Initiative—an innovative new program that will buy and renovate at least 50 foreclosed housing units in New York City.

The Neighborhood Stabilization Initiative is designed to stabilize neighborhoods that are at risk due to an increase in foreclosed homes. The program will target strategically located homes that will have the most significant impact on the viability of individual neighborhoods.

Through the Initiative, the Housing Partnership will look to buy homes in all five boroughs, renovate them and then sell them to new homeowners. The first neighborhood to be the focus of the program will be the Far Rockaways in Queens, which has been one of the New York City communities hardest hit by the foreclosure crisis.

Within the two zip codes that make up the neighborhood of Far Rockaway, mortgage foreclosure rates are running at 19.2% and 16.2%. Many loans (15.5%) are adjustable rate mortgages and are scheduled to reset between April 2008 and September 2009.

“Protecting neighborhoods is one of the most important roles we have at the Affordable Housing Corporation,” said **Priscilla Almodovar, AHC President and Chief Executive Officer**. “A vacant, foreclosed home doesn’t help anyone. It adds to blight, brings down property values and invites crime to neighborhoods where we have invested substantial

resources. By purchasing and renovating foreclosed homes, we keep communities whole and protect the quality of life for everyone who lives in them.”

Assemblyman Vito Lopez, Chairman of the Assembly Housing Committee, said, "I would like to commend the Affordable Housing Corporation and the Housing Partnership Development Corporation for the initiative. The value of this program is manifold in that it provides affordable housing for those who need it while it also protects neighborhoods for the current homeowners. Safe, modernized homes provide a strong foundation from which a neighborhood can thrive, and thriving neighborhoods are what New York City needs right now. The Neighborhood Stabilization Initiative is a promising and admirable project that I am proud and happy to support."

NYC Housing Commissioner Shaun Donovan said, "Foreclosure is not just a tragedy for families who lose their homes, but can also challenge the surrounding neighborhood. Communities like Far Rockaway have benefited from extensive City investment and we want to keep those neighborhoods strong. We are extremely grateful to the Affordable Housing Corporation for their leadership and this funding and to the Housing Partnership Development Corporation for their decades of investment in New York City's neighborhoods."

Dan Martin, President and CEO of the Housing Partnership, said, “The Housing Partnership has worked for over 25 years revitalizing neighborhoods in distress by providing affordable homeownership opportunities. It is unfortunate that foreclosures of other homes in these neighborhoods are damaging the stability of the communities that we have worked so hard to create. This program will proactively turn these foreclosed properties into affordable homeownership opportunities so that our neighborhoods can continue to thrive.”

Under the Neighborhood Stabilization Initiative, the Housing Partnership Development Corporation will obtain a line of credit through its NYC Partnership Housing Development Fund Company Inc. to purchase foreclosed homes. The AHC grant will be used to finance moderate renovations on the properties, including roofing, siding, flooring, painting, mechanical, electrical, plumbing, windows, bathrooms and kitchens.

AHC’s sister agency, the **State of New York Mortgage Agency (SONYMA)**, will offer below market interest rate mortgages to potential buyers. For this program, SONYMA is waiving its requirement that borrowers must be first-time homebuyers. To qualify for the Neighborhood Stabilization Initiative, homebuyers must have household incomes of \$68,824 or less for a family of four. Maximum incomes are adjusted according to household size and could be lower if subsidies are provided by other government programs.

The program will target two- and three-family homes located in distressed neighborhoods. Four-family homes, condominiums and co-ops may also be considered for purchase.

Margert Community Corporation, a community-based, nonprofit housing counseling agency based in Far Rockaway, is one of the community groups the Housing Partnership is collaborating with on this program. Margert will contribute up to \$30,000 per home with purchase assistance subsidies from the NYS Division of Housing and Community Renewal (DHCR) HOME program, as well as housing counseling assistance from the Federal government and the National Foreclosure Mitigation Counseling program. Margert will also provide marketing assistance and prequalify potential buyers, which will help make these homes affordable.

“Statewide completed foreclosures were up 30% in January 2008 over last October,” said **Joseph G. Barden, Executive Director** of Margert, “and we expect the same—*or worse*—for the Rockaways. We are deeply concerned that this build-up of foreclosed properties will have a destabilizing impact on our community. We are hopeful that the Neighborhood Stabilization Initiative will mitigate that impact and turn these properties into truly affordable home ownership opportunities.”

AHC, a subsidiary of the **NYS Housing Finance Agency**, was established in 1985 to promote homeownership by low- and moderate-income households. Financial assistance approved annually by the New York State Legislature, combined with other private and public investment, is used for the construction, acquisition, rehabilitation and improvement of owner-occupied housing.

The Housing Partnership Development Corporation is New York City's primary intermediary for the development of affordable and workforce housing. Since its establishment in 1982, the Housing Partnership has developed more than 30,000 affordable homeownership and rental units throughout the five boroughs and leveraged more than \$2.6 billion in private sector financing. An additional 4,000 units are in construction or predevelopment.

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