



THE PARODNECK FOUNDATION

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PARODNECK FOUNDATION/CATCH --- REPORT ON 2004 ACTIVITIES

Our three major programs – SCHAP/Remediation; HDFC Support Program; CATCH mutual housing program – remain the core manifestation of our affordable housing and community development mission. Each of these program areas (described below) saw progress in the past twelve months. In addition, we have enhanced our capacity and increased our resources, also noted below.

SCHAP (Senior Citizens' Homeowner Assistance Program)

This program, operating since 1986 is the only program in the city exclusively targeted to meeting the home improvement needs of senior citizen homeowners, continued to assist the city's in-need, and at-risk senior citizen homeowners. Once again, the program met its production goal, assisting over 50 low-income senior citizen households in critical repairs, upgrades and refinancing needs. Some 80 units of housing were assisted and loans advanced and leveraged totaled \$ 1,362,982.

Remediation/Community Equity Protection Project (a SCHAP outgrowth)

In the late nineties, the Parodneck Foundation brought together financial institutions (JP Morgan Chase, Citibank, HSBC and others) and Fannie Mae to create a new Fannie Mae New York pilot program to assist in remediating the financial circumstances of applicants who had been victimized by predatory lenders. Since then, the initiative has been expanded through collaborations with NEDAP and South Brooklyn Legal Services and local CBO partners as the Home Equity Protection Project and the Community Equity Protection Project.

Specifically in 2004; 26 applications for remediation assistance were received. The types of assistance needed varied: sold tax liens; threatened mortgage (private) and tax foreclosures; contractor scams, and more. Of the applications received, all are currently being monitored (if referred for legal or other assistance) or directly assisted. Of the 26, 11 of these cases have since been resolved through our direct intervention. From 2004 and prior applications, 29 clients were assisted through our mortgage brokering services, resulting in over \$7 million in affordable mortgage re-financing.

We initiated a remediation program (Ford-Foundation-funded) in the Northwest Bronx that was targeted by geographic area. The idea here was that if we could utilize existing civic

and CBO infrastructure and saturate the area in the marketing of our prevention and remediation efforts, that we could displace and/or prevent predatory finance practices. This initiative met with limited success (i.e. we learned that direct mailings provided a 2% average response rate and that CBO involvement is necessarily limited if not funded).

However, the project provided us with some valuable lessons, which were used to work with the city on the development of a program planned for implementation in 2005. HPD will spearhead the program, the "PACE" initiative which is a consumer education, legal services, referral and financial services program geared towards rooting out predatory lending in specific, targeted neighborhoods and creating or enhancing the infrastructure to serve those who are eligible for prime loans and honest credit mechanisms, prepare others and assist actual victims of predatory lending. The program will use a very wide variety of outreach methods as well as supplementary staffing and capacity building funding for local CBOs, many of whom are our local partners.

HDFC (Housing Development Fund Company) Support Program:

In 2004, we continued to support not-for-profit rentals and low-income cooperatives organized as Housing Development Fund Companies.

In 2004 this assistance was mainly targeted to technical and financial assistance to Banana Kelly Community Improvement Association, Inc, an important South Bronx CDC, to rebuild its core operations, but primarily to ensure its ability to redevelop and maintain its 600 units of housing in HDFCs. Through our assistance (technical assistance and an \$80,000 bridge loan), \$43 million was leveraged for the redevelopment of Banana Kelly's 23 HDFCs, all of which were either fully renovated, in construction, or awaiting the start of construction as of December, 2004.

We also assisted two other HDFCs with loans that enabled them to pay on municipal arrears and make necessary upgrades to their cooperative buildings.

CATCH (Community Assisted Tenant Controlled Housing)

In 2004, CATCH was successful in completing gut renovation at its Highbridge (tax credit) project. CATCH's first and second Third Party Transfer projects in the Morrisania section of the Bronx and in Central Harlem were prepared for conversion from a construction to a permanent loan. In Central Harlem, to accommodate the tremendous growth there, the by-laws were recently changed to create a "Residents Council," which will be an advisory group to the board, elect a majority of the local MHA board, and will serve as a bridge between the individual building resident associations and the board of directors.

CATCH laid the groundwork for its first homeownership program – the Neighborhood Homes Program and successfully obtained sponsorship of HUD foreclosed properties through the 203(k) program. Additionally, although not completed until early 2005, CATCH negotiated successfully (with the assistance of HPD and elected officials, including Senator

Charles Schumer and Congressman Charles Rangel), for HUD to agree to a limited auction that ultimately prevented speculation and allowed CATCH to obtain a \$1 purchase of the property from HUD, thus saving 104 units in this 202 project benefiting seniors, disabled and homeless.

Resource and Capacity Enhancement

Resource Expansion: In the past year, we have received approvals for an additional \$1.5 million from the city, and \$400,000 in loan and grant funds from the state (DHCR) for the SCHAP program. Additionally, we were approved for a \$1,000,000 CDFI grant from the Department of Treasury and received credit facilities with Greenpoint Savings Bank (now North Fork) and HSBC.

Capacity Enhancement: In the past year as well, we were successful in obtaining exempt mortgage banking and mortgage brokering approval from the New York State Banking Department. In fact, we are the first not-for-profit in New York City to obtain such a designation. We believed that this designation would expand our ability to service predatory lending victims. This has proven to be the case with those clients receiving reverse mortgages. However, it is not the case for amortizing loan applicants, who we have decided are better served by referrals to mainstream banking partners.

Organizational Transformation

This has been a year of change for the Parodneck Foundation. As the board and staff go through an executive transition, much effort has been placed on internal reorganization of our structure and operations to accommodate our anticipated growth and the expansion of program areas.

Starting in January of 2005, the following internal changes have been instituted or occurred:

1. We have converted from a structure organized by program to a structure organized by function. As such, we no longer have a SCHAP department, an HDFC department and so on. Instead, we have a Field Operations Department, a Lending Department, an Administration/Customer Relations Department, and a Fiscal Department. By organizing in this manner, we are better able to use qualified staff across program areas and this allows us to operate more efficiently.
2. Starting in January, following a change a year earlier in which the Parodneck and CATCH boards became 100% overlapping, all CATCH staff became Parodneck employees. The two organizations are still distinct and separate, but are operated through an integrated staffing structure that is allocated among different program areas.