



## **THE PARODNECK FOUNDATION**

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### **PARODNECK FOUNDATION/CATCH - YEAR 2005 REPORT**

Our four major programs – SCHAP, Citywide Remediation, the CATCH mutual housing program, and the HDFC Support Program – remain the main expressions of our affordable housing and community development mission. The first three saw substantial progress in the past twelve months, while the fourth consolidated its activities.

#### **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 and it continued to assist the city's in-need, and at-risk senior citizen homeowners. Once again, the program met its production goal, assisting 84 low-income senior citizen households (87 units) in critical repairs, upgrades and refinancing needs. Some \$ 1,596,426 in housing loans was advanced.

#### **Citywide Remediation 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, South Brooklyn Legal Services and local CBO partners.

In 2005, 88 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 88, 14 have already been refinanced resulting in over \$4 million in affordable mortgages and 12 more are in process. Nine were settled through legal intervention, while another 25 are being referred for legal review or intervention is still in progress. Twenty-six were referred to other programs or did not qualify. Our staff also conducted 17 training or educational events with over 1280 persons attending.

This pilot project and an earlier experiment (targeted by geographic area and utilizing existing civic and CBO infrastructures to saturate an area with prevention and remediation efforts) led to the development, with the city, of an exciting new program called PACE. The Preserve Assets and Community Equity program began in October 2005 with Mayor Bloomberg visiting a Queens homeowner whom Parodneck has been assisting.

HPD is spearheading the program, which is also supported by several local banks. It is a consumer education, legal services, referral and financial services program geared towards rooting out predatory lending in specific targeted neighborhoods and zip codes. It will create or enhance 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 two-year program uses a very wide variety of outreach methods as well as supplementary staffing and capacity building funding for local CBOs, many of which are our local partners. Its goals for a two-year period include 570 clients receiving financial counseling and \$4.2 million in loans being approved. In the short few months the program has been in operation, we have held 7 training or educational events with 425 persons attending and have begun our intake with 14 applications (3 for repairs and 11 for refinancing, debt consolidation or counseling).

### **HDFC (Housing Development Fund Company) Support Program**

This program represents our organization's longest-running effort to create and preserve affordable housing. Through advocacy, technical and financial assistance, we have been instrumental in creating thousands of units that remain affordable through state law and city regulatory agreements and that are resident-controlled. In 2005, we maintained staff resources and the capacity to support not-for-profit rentals and low-income cooperatives organized as HDFC's even though loan application/volume was minimal during the year. We expect loan activity to resume in 2006.

### **CATCH (Community Assisted Tenant Controlled Housing)**

CATCH now has over 50 buildings with approximately 730 units in its portfolio. To accommodate the tremendous growth in Central Harlem, a Residents Council began functioning as an advisory group to the board. It elects a majority of the local MHA board, and serves as a bridge between the individual building resident associations and the board of directors.

CATCH also initiated its first homeownership program – the Neighborhood Homes Program - with the acquisition of seven Central Harlem brownstones (14 units) -- which we are now renovating. Priority will be given to CATCH members who will be able to utilize skills earlier developed in other CATCH buildings--- thus maturing into ownership responsibility while still remaining in the community.

In early 2005, CATCH purchased Logan Gardens, a foreclosed property, from HUD, thus saving 104 units in this 202 project benefiting seniors, disabled and homeless. Later in the year we successfully completed title transfer and bond financing. We also worked with the Harlem CDC in a "weatherization" program, which also included boiler replacements, making these units section 8 eligible. We enhanced our social service grant from HUD by including a resident social worker and CATCH field staff also worked to assure that we now have tenant associations in a majority of all our buildings.

Our Bradhurst NRP project in Central Harlem, where we are renovating five former SRO buildings into 110 apartment units, began construction while our 44 - unit Highbridge Project in the Bronx was converted from a construction loan to permanent financing, and is now fully leased and ready for occupancy. Also in the Bronx, we closed on a 43-unit property on Topping Avenue, acquired through the Third Party Transfer program, took management control, and are anticipating a construction loan in 2006. Finally, we engaged an outside consultant to conduct a review of CATCH's internal operations to ensure that it will have the capacity to grow our mutual housing program beyond its current portfolio size.

### **Organizational Transformation**

During 2005, we converted from a structure organized by program to a structure organized by function. Thus, 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. This change allows us to better use qualified staff across program areas - which allows us to operate more efficiently. CATCH's employees, while still operating it as a separate program, are part of this integrated staffing structure.

This past fall, Carlton Collier was appointed as Executive Director. Carlton came from a union organizing background, changed careers to focus on housing and has risen through the ranks through hard work and dedication. He has directed the CATCH program for the past twelve years and is well known and respected within Parodneck and throughout the affordable housing field. His appointment permitted Harold DeRienzo to step down as CEO and continue to serve on the board as President while working on compliance, legal and other discrete projects and initiatives. The lending department was also entirely overhauled and commencing in January of 2006, Millie Morales who has been with Parodneck for 10 years, took over as Lending Director.

These changes, in concert with our programmatic growth, have required changes in the way in which the Board organizes itself as well. Commencing in 2006, the board began the implementation of a plan to include restructuring of the overall Board, as well as of the Executive, Audit, and Asset Management Oversight Committees.