

News from STATE SENATOR

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COMMUNITY BULLETIN – September 2007

Message from Liz . . .

We have all seen the ads: "No money? No Credit? No problem!" It is this type of irresponsible misinformation to consumers that has contributed to the sub-prime mortgage crisis facing New York, and gripping the country. Impacts of the sub-prime mortgage crisis are reverberating throughout the entire economy. As we saw with the savings and loan crisis of the late 1980s, irresponsible and overly risky behavior on the part of financial institutions has the potential to undermine major sectors of the economy, affecting everyone. And as with the savings and loan crisis, much of the focus has been placed on bailing out the companies who made unwise investments. It is critical to remember that the victims in this sad situation are **not** the financial institutions, or even the broader community of investors in these companies, but the homeowners who were literally manipulated into taking loans they could not afford, many of whom have already lost their homes. The impact of foreclosures goes beyond the individual, destabilizing entire communities.

The truth is, we are talking about people who wanted the "American dream." They wanted to buy a house—to have a stable home for themselves and their families, and improve their communities. But there have been too many disingenuous, predatory lenders out there who have not been following the rules of the game, and who have been manipulating information in order to get people to sign on the dotted line for mortgages they can't afford.

This crisis is, in large part, due to a number of unscrupulous practices. The first is intentional misrepresentation, and unclear explanations of loan terms to borrowers, who often do not fully understand the incredibly complex characteristics of their sub-prime loans, including variable interest rates with exploding APR's and balloon payments that can drastically increase the monthly payments on the loan. Many sub-prime loans (56% for 2006) are actually refinancing deals, where consumers were convinced to refinance on the promise of lower payments and ready cash, without being fully informed about the full costs of the refinancing. Another major contributing factor to the current crisis has been the granting of loans to people without regard to their ability to pay. Lenders know better. People are easily convinced to take money when it is offered to them, but the rest of us are left reeling from the consequences of banks giving loans to people that they know will never be able to afford to actually make repayments.

As the housing market has cooled, the risks of foreclosure become even greater as it makes refinancing more difficult for many homeowners who are stuck with unfavorable credit terms. Foreclosures are soaring throughout the country, as well as here in the New York City area. For July 2006 to July 2007, there have been 14,559 foreclosures in New York City, and, according to credit monitoring groups, the foreclosure rates for 2007 are expected to be 60 percent higher than for 2006. Furthermore, because predatory loans often are targeted at

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minority communities, it is these neighborhoods that end up suffering from the highest foreclosure rates, and consequent dislocation. In New York, African Americans are 5.1 times more likely than whites to receive sub-prime loans than whites; Latino borrowers are 3.8 times more likely.

So what can we do to deal with this problem in a way that helps those at-risk of foreclosure and preserves our communities, instead of only looking to protect the lenders who got us into this mess? The first requirement is to provide reasonable refinancing alternatives for homeowners with sub-prime loans. There is already some funding for refinancing available through the State of New York Mortgage Agency's (SONYMA) "Keep the Dream" Program, created by Governor Spitzer earlier this year, which offers at-risk homeowners the ability to refinance current mortgages with 30- to 40-year fixed-rate mortgages with competitive interest rates. This program is great because it stabilizes communities, without costing taxpayers anything—the mortgages must be repaid. Information on the Keep the Dream Program is available online at www.nyhomes.org/home or by calling 1-800-382-HOME. I expect that given the dramatic increase in foreclosures we are currently facing, this program will need to be significantly expanded to bring an end to the foreclosure crisis.

We must also move beyond the current crisis to ensure that homebuyers and homeowners are better informed before they borrow money, and to require that lenders act more responsibly. Current funding for homeownership counseling and foreclosure prevention programs are extremely limited, and it is critical that New York act to ensure adequate funding for these programs in the next budget cycle. An educated consumer will be in a much better position to avoid the pitfalls that have caused so many borrowers to lose their homes. People also need to have the tools to evaluate whether they can really afford a home – homeownership is not the best choice for everyone, despite the seductive advertisements many predatory lenders use to convince them otherwise.

Key to all of this is that we need to pass State legislation that prohibits the worst kinds of practices that predatory lenders are known to engage in. There are a number of bills that address these issues currently under consideration, including:

- Requiring all lenders to demonstrate the borrower's ability to repay the loan;
- Prohibiting lenders from steering borrowers towards home loans that are less favorable than a home loan for which the borrower is qualified;
- Requiring mortgage brokers to have fiduciary responsibility to the borrower, so that they cannot profit by directing people into higher cost loans than they need;
- Prohibiting balloon payments, negative amortization, prepayment penalties and other deleterious provisions for all sub-prime and nontraditional loans;
- Requiring disclosure of availability of mortgage counseling and rate comparisons with all sub-prime and non-traditional loans.

These steps would go a long way towards limiting the damage done by the current crisis, and preventing future foreclosure crises. This is clearly a case where the market has failed to provide adequate protections for the moderate- and low-income people who have found themselves caught up in this crisis—or for that matter, from the irresponsible lenders now facing bankruptcy and a taxpayer subsidized bailout. As those same lenders use their political power to fight for federal and state bailouts, we cannot forget those who face the most dramatic impact of this crisis – the loss of their homes. The dream of owning a home should not have to become the nightmare of eviction and potential homelessness.

"THE SENATOR IS IN"

Rotating District Office Hours In the District:

92nd Street Greenmarket

Date: Sunday, September 9

Time: 11:00am-1:30pm

Place: 1st Avenue @ 92nd Street

Murray Hill Greenmarket

Date: Saturday, September 15

Time: 11:00am - 1:30pm

Place: 2nd Avenue @ 33rd Street

Weather permitting

Warning! There's a Warming: Stop Climate Change

JOIN US TUESDAY, OCTOBER 23rd 2007

Along with Environmental Advocates of New York and St. Bartholomew's Church, I have organized an event highlighting the crisis of global warming, and what the State of New York can do to lead the country in fighting this environmental hazard.

Please join us as Grammy winner and 2-time Country Music Association Female Vocalist of the Year, Kathy Mattea, presents Al Gore's *An Inconvenient Truth* slideshow, and Commissioner Pete Grannis (NYS Department of Environmental Conservation) presents on plan's by the Spitzer Administration to address global warming here in New York State.

It is free and open to the public. RSVP's are not required.

WHERE: St. Bart's Church(Park Avenue at 51st Street in Manhattan)

WHEN: Tuesday, October 23rd 6 PM to 8:30 PM

LONG-TERM CARE INSURANCE TOWN HALL

Hear From a Panel of Experts

- **Who Needs Long Term Care Insurance?**
- **How Does Long Term Care Insurance Fit Into My Retirement Planning?**
 - **What Are the Benefits and Options?**
- **What Can I Do If I am Older and Think I May Need Long Term Care Insurance?**

Date: Thursday, November 1

Time: 5:30 PM -7:30 PM

Place: Sutton Place Synagogue

225 East 55th Street b/t 2nd & 3rd Avenues

Call (212) 490-9535 for further information

Community Spotlight

Cleaning Up State Elections Forum on September 17th:

I will be a panelist at a forum on campaign finance reform and public campaign financing organized by the Drum Major Institute. The featured speaker will be Dennis Burke of Arizona Common Cause, who helped lead the 1998 effort to pass the Arizona Citizens Clean Elections Act by ballot proposition. I will be joined on the panel by Charlie King of the National Action Network and Jessica Wisnecki of Citizen Action of New York. This event will take place at the Harvard Club at 27 West 44th Street on Monday, September 17th from 8:00 to 10:00 AM. The event is free but space is limited. Please RSVP by email to dmi@drummajorinstitute.org

Cleaning Up NYC's Waste Stream: A Forum on September 18th :

We love our City, but it seems there is always another crisis "just around the corner." One looming issue we can't ignore is the magnitude of our solid waste. Currently, solid waste is barged and trucked out of the City to distant facilities. Our system is costly, harmful to the environment and communities, and unsustainable. Despite some very important proposals in Mayor Bloomberg's PlaNYC2030, absent was a plan for how the City will address waste management in our future with a growing population of residents and tourists.

Therefore, I am hosting a public forum, **CLEANING UP NYC'S WASTE STREAM**, on **TUESDAY, SEPTEMBER 18TH**, from **10AM to 12PM**. The forum will be held at Baruch College's Newman Library Building (**151 East 25th Street between Lexington and Third**) in the 7th floor conference center.

Panelists include Barbara Warren of Sustainable South Bronx, Steven Cohen of Columbia University's Earth Institute, Benjamin Miller, author of *Fat of the Land: Garbage in New York, the Last Two Hundred Years*, and Brenda Platt of the Institute for Local Self-Reliance. The event is open to the public, but seating is limited, and an RSVP is required. If you would like to attend, please respond to this email with "RSVP – WASTE FORUM" in the subject line, and be sure to include your name and a phone number you can be reached at.

Public Hearing on Con Ed Waterside Site on September 20th:

East River Realty has now submitted their Uniform Land Use Review Process (ULURP) application for the Con Ed Waterside site, which begins the review process for the rezoning of the site. Community Board 6 will be holding a hearing as part of the ULURP process on September 20, beginning at 7PM at the NYU Medical Center, 550 First Avenue, in Classroom A. This is an incredibly important opportunity for the members of the community to make sure their voices are heard on this project, which will have a dramatic impact on the East Side of Manhattan, and I urge all interested parties to join me in testifying at the hearing.

Public Hearing on Increasing Access To Health Care:

The New York State Health and Insurance Departments are holding a series of hearings on developing plans for achieving universal health care coverage in New York State. The hearings are designed to provide the Departments with valuable information in (1) developing a high-quality, cost-effective health-care system, (2) increasing access to health insurance coverage and (3) identifying requirements for an effective, sustainable economic model for universal coverage. The Manhattan hearing will take place on Tuesday, October 30th from 10:00 AM to 5:00 PM at Fordham University, 113 West 60th Street. All individuals planning to attend the hearing or testify must pre register. Instructions on how to register are available by calling the New York State Department of Health at (518) 474-5737, or on the hearing notice at www.partnership4coverage.ny.gov/hearings/notice.htm

Financial Education Project Seeks Older Adult Volunteers:

The Retired and Senior Volunteer Program's (RSVP) Financial Education Project (FEP) is recruiting adults age 55+ to provide one-on-one counseling to clients on self-selected areas of financial literacy. The volunteers will serve as financial coaches and will assist individuals and families in developing the skills needed to build assets and economic security. Volunteers will attend a training beginning October 22, 2007 that will cover topics such as: Financial Goals and Assessment; Safety Nets and Assets; Banking Services, Debt Management; Credit Reports and Scores; and Taxes. No previous experience is necessary. A personal interview, successful completion of the training, and a commitment of 4 - 6 hours per week for six months of volunteer service is required. To obtain additional information about **RSVP/FEP**, please call Mercedes Eustache at (212) 614-5500 or Yvette Rennie at (212) 614-5558.

FEP is a program of the Retired and Senior Volunteer Program (RSVP). Established more than 40 years ago, RSVP's 7,000 volunteers contribute more than one and a half million hours of service annually to 500 organizations in New York City. RSVP is part of the Community Service Society of New York, a nonprofit organization which advocates on behalf of the poor in the areas of education, affordable housing, health care and income maintenance.

Affordable Housing Opportunities in Manhattan:

East 60th Street Apartments is now accepting applications for 41 studio and one bedroom apartments now under construction on the Upper East Side for moderate income individuals and families. Rents for these units will be \$575 to \$620 per month depending on unit size. To be eligible, applicants must have incomes between \$24,880 to \$32,256, depending on unit and family size. Applications will be selected by lottery with preference given to New York City residents. Applicants residing in Community Board 8 will receive priority for 50% of the units. In addition, visual/hearing impaired applicants will receive priority for 2% of the units, applicants with mobility impairment will receive priority for 5% of the units, and applicants who are New York City municipal employees will receive preference for 5% of the units. You may request an application by regular mail only 250 East 60th Street Associates, LP, 941 Hoe Avenue, Bronx, New York 10459. Please include a self-addressed envelope with your application request. Applications must be postmarked no later than October 2, 2007 and must be returned by regular mail to the PO Box on the application, so you should request your application as soon as possible in order to ensure you have time to fill it out and return it by the deadline. Only one application per household will be accepted.

Spotlight on Policy

Support for Public Housing

I am pleased to report that last month, Governor Spitzer signed **S.4329/A.7905**, a bill that is critically important to hundreds of thousands of New Yorkers who live in New York City Housing Authority (NYCHA) developments.

The bill changes the State's long-standing policy of paying substantially lower rents to NYCHA on behalf of public assistance households than it pays to all other public housing authorities and private landlords, and allows for equitable distribution of state funding to the City's public housing authority.

Nearly half a million people, most of whom are low-income women with children, elderly or disabled live in NYCHA housing. NYCHA includes 118,000 units in 340 developments throughout the five boroughs of New York City. In fact NYCHA alone has a larger population than many major U.S. cities. Given our documented crisis in affordable housing and a situation where we lose more affordable units per year than we produce, it is outrageous

public policy from both a moral and an economic standpoint to allow public housing of this scale to disintegrate.

This legislation puts the New York City Housing Authority on equal footing with private landlords when it comes to shelter allowance payments. Being shortchanged has had a disastrous effect on NYCHA as the agency has had to cut key areas of service and maintenance to their facilities. Recently, NYCHA announced that it will be forced to lay off 500 employees, reduce services, and look at other drastic measures, which will have a negative effect on the City's most needy populations. Approximately 16% of NYCHA's residents receive public assistance meaning NYCHA, by its own account, should receive an estimated \$62 million increase annually after full phase in (year 2).

Between 1958 and 1974, New York State built more than 12,500 units of public housing in 15 developments in New York City. NYCHA is responsible for the day-to-day operation of these apartments. Last year, Mayor Bloomberg and the New York City Council collaborated to inject a one-time emergency infusion of \$120 million to NYCHA, without which it is doubtful the agency would have been able to continue to successfully run the nation's finest public housing system.

The Governor has shown he understands that New York must step up to bat and preserve public housing, which is a huge shift from the failed housing policies of the Pataki administration. While public housing has been forced to survive decades of neglect from the federal and state government, it is very important to remember that the preservation of public and affordable housing is key to strong, sustainable communities and a vibrant economy.

Food Allergies in Schools

I am also pleased to report that Governor Spitzer has signed **S298A/A4051A**, the *Allergy and Anaphylaxis Management Act of 2007*. The legislation is the first in a series of steps the state must take to ensure that schools statewide implement an action plan that protects students with food allergies, or who suffer allergic reactions. If left untreated, within minutes an allergic reaction can lead to anaphylactic shock, which can lead to death. According to the Food Allergy Initiative, food allergies claim over 200 lives and are responsible for over 30,000 emergency room visits each year.

The law sets up a commission to implement an action plan for all schools under the guidance of the State Departments of Education and Health.

The way that things are currently handled is not adequate considering the severity of anaphylaxis. Though the majority of reactions can be remedied quickly, in a world of allergies and allergic reactions, our current system does not allow for immediate medical attention, potentially allowing anaphylaxis shock to set in. Waiting too long can cause permanent damage, or in some cases, an unnecessary loss of life. We need a comprehensive response system in place in every school across New York.

If a food-allergic child accidentally ingests even a miniscule trace of the wrong food, it can trigger a reaction that can kill within minutes. By implementing the recommendations of the American Academy of Asthma, Allergy and Immunology, every school across the state will abide by guidelines that keep these kids safe. The American Academy of Asthma, Allergy and Immunology Position Statement on Anaphylaxis in Schools recommends the following guidelines for schools to implement:

- Developing a system that identifies children with allergies;

- Reviewing treatment protocols, as prescribed by a physician, by all school personnel, and staff involved with the child's care be instructed about the potentially severe nature and proper treatment of allergic reactions;
- Allowing for prescribed epinephrine auto-injector devices to be clearly labeled with the child's name and classroom number, with children old enough to self-administer allowed to carry their own kits. Students not old enough should have their kit easily accessible by school personnel. In the event that the kit is administered, the child would be immediately transported to a hospital;
- Informing cafeteria staff, in writing, of foods to be avoided while preparing meals, along with a list of "safe" substitutions;
- Requiring that food brought in from outside vendors have complete ingredient declarations.

The Asthma and Allergy Foundation of America says that at least 8-percent of children less than 3-years of age have allergic reactions to food, and 2-percent of adults. More than 3-million children are allergic to peanuts and tree nuts. Life-threatening reactions most often come from peanuts, tree nuts, shellfish, fish, and eggs. Children with asthma are more frequently subject to severe reactions.

Every day that our schools are left without an actual response system, someone's life remains at risk. The Commissioners of Education and Health should immediately follow these suggested guidelines, and move to enact such a system, as well as educate school personnel, parents, and students of their rights, and what should be done in the event of an anaphylaxis reaction.