

**WESTCHESTER COUNTY BOARD OF LEGISLATORS
COMMITTEE ON HOUSING & PLANNING
MINUTES OF MEETING: FEBRUARY 16, 2010, 10:00 AM**

In Attendance:

Committee Members: Leg. William Burton, Chair (by conference call); Legislators Judy Myers (acting as chair), John Nonna, Martin Rogowsky and Alfreda Williams. Advisory Members: Geoffrey Anderson, Albert Annunziata, Blanca Lopez and Dennis McDermott. Committee Staff: Barbara Arrington Dodds.

Others: Planning: Dana Sanchez, Anthony Zaino, Norma Drummond; A. Webber, ADC; Lisa Buck, The Bridge Fund; Gerald McKinstry, Journal News; Ken Belfer, Westhab; Larry Goldstein, BOL.

Unable to attend the meeting because of illness, Chairman William Burton was present via conference call. Leg. Judy Myers acted as chair in his absence. Leg. Myers opened the meeting with a meeting quorum but noted that the voting quorum of four legislators was not available.

Advisory Members

Leg. Myers recognized the presence of four advisory members for the new term: Geoffrey Anderson, Exec. Director of Westchester Residential Opportunities (WRO); Albert Annunziata, Exec. Director of Building & Realty Institute (BRI); Blanca Lopez, Director, Neighborhood Preservation Program of Human Development Services (HDS); and Dennis McDermott, Vice President, Chase. Leg. Rogowsky asked them to bring the legislators up to date on the housing situation and what they see going on in their constituencies.

Ms. Lopez said, in addition to the homeowners with the predatory mortgages, they also see the stable homeowners with 30 year fixed bank mortgages behind in their payments because of loss of income. They present additional challenges because they are not willing to acknowledge that they have to change their life styles and the investors are also not willing to modify the terms. Leg. Rogowsky asked about the Westchester banks where we might provide some leverage. The problem is we are not dealing with local banks but national entities that are often unknown owners of the mortgage. A lot of times a repayment plan cannot be done because arrears also have to be made and that requires a modification of the agreement. Leg. Rogowsky asked if there was a way for the law to deal with that? Ms. Lopez said it's tough to deal with clients who are aware of other neighbors who are getting modifications but it depends on the investor.

Mr. McDermott said over the last ten years, most of the mortgages that have gone bad have been originated by mortgage brokers which are lightly regulated. The best example was in a piece entitled "The Giant Pool of Money" on the radio show "This American Life." Basically, the major problem is that mortgage brokers are being driven by non-agency private conduits. For example, Bear Sterns PFC had bought a lot of these brokered loans, put them into securities

and sold them to investors but they were also servicing these loans. When Chase acquired Bear Sterns, they also acquired the servicing of these loans. It's the predatory aspects of sub-prime that's a major difficulty. Most people don't know how they got these loans and never went through any education and home buying counseling before they bought their homes. There is statistical evidence that if these home buyers had gone through a comprehensive financial education and home buying counseling they would have been insulated. Low and moderate income people will usually figure out how to generate a way out. But people on the lowest end were being sold into an option ARM where they only had to pay the interest for the first six months. The brokers did not disclose the rest of it in order to get the commission.

Mr. Anderson said many people who did not speak English were convinced the brokers were on their side because they spoke their home language. They signed off without understanding. It was a Wall Street conduit where mortgages were bought and sold off in packages without sufficient awareness and due diligence about the components of the package or regarding the ability of the people to pay. For the past six years, WRO has been running a first-time home buyers program and none of the participants have had defaults. The process is over a nine to eleven month period that requires a serious commitment. Municipal inspectors and professionals come in and explain that these are the things you need to know when you buy a house. WRO believes that the next area of predatory lending will be reverse mortgage equity sold to seniors. We have had at least 12 cash poor individuals in the past month come in with approvals for reverse mortgages. They need to know how to go about it in the appropriate way without paying a fee and must be counseled by a HUD approved counseling agency. They need to know the predatory issues that might come up. Right now WRO is the only such agency and does it free. Seniors on a fixed income

Leg. Rogowsky asked if WRO is the only counseling agency is there an opportunity for the County to pass a law that says paying a fee is illegal? Who has the responsibility for following the trail, who is asking if they paid a fee? At the closing they come in with a certificate that shows they had counseling but they should be asked if they paid for a referral. Someone would have to call attention to that.

Referring to the minutes of the previous committee meeting, Mr. Annunziata commented that builders would love to be involved in the County work to rehab foreclosed properties. He also suggested that the first time homebuyers program require a checklist so there is a trail and a history of who is involved. Legitimate programs are not the problem, it's the creative financing. He told of hearing the head of Helmsley Spear tell that they wanted to pay off the mortgage on 80 Broad Street but it took six months to find the mortgage and it was somewhere in Europe and the holder did not know anything about the building.

Leg. Nonna asked if notices are given that counseling services are available. Yes, notices are sent on colored paper along with warnings about pending defaults. WRO's strategic plan includes marketing information on HECM (home equity reverse mortgage) to seniors in centers, houses of worship, etc.

CDBG Grants Application and Amendment

With the arrival of Leg. Alfreda Williams, the committee had a voting quorum allowing the minutes to be approved. At this time, the Planning Dept. presenters on the federal grants had to leave to attend a meeting with the County Executive and the monitor of the ADC settlement. So, without discussion on CDBG, HOME, and ESG grants and schedules, voting to approve them was put off until the next meeting.

Leg. Nonna commented that he was concerned about the application because there are projects being submitted for CDBG grants by municipalities in the targeted areas. We are obligated to condition the award of these grants to the requirements of the settlement for fair and affordable housing. Leg. Rogowsky said if each municipality has a plan, how will we find out what that is and are we at risk again if we make a mistake? Whealzy shouldn't the municipalities go to the federal government on their own to apply for CDBG? He said he has never heard of the process of requiring commitments from the municipalities. Leg. Nonna said that was how the County got in trouble in the first place, CDBG grants require such commitments.

Leg. Myers announced that the Monitor, Mr. Johnson, was in the building meeting with the Administration was meeting with the Monitor, Mr. Johnson, in the building to discuss the Implementation Plan which was rejected. Leg. Rogowsky said that since the Board of Legislators voted to be involved in the Implementation Plan, was anyone from the Board of Legislators at the meeting? Leg. Nonna said he was told that the administration wanted to meet without any legislators at the meeting.

Dana Sanchez, Program Administrator for the Planning Dept., reported that the analysis of impediments that was submitted last year is being updated with HUD providing some additional recommendations. The older municipalities will have complied with those requirements from the newer analysis. Leg. Nonna commented that the new analysis is not due until June 30th. HUD is allowing the County to submit its recommendations for 2010 subject to these impediments to be improved. An outside consultant, a group out of Atlanta, is coming to meet with the staff. Ken Belfer, Vice President of WestHab and Chair of the Town of Yorktown Affordable Housing Committee, said he understood that the Implementation Plan had a laundry list of certain conditions that the municipalities had to commit to, such as adopting an inclusionary zone, and a fair housing affirmative action plan. Only large cities are eligible to apply directly for grants—in Westchester, Yonkers, Mount Vernon, New Rochelle and White Plains have their own CDBG grants.

The next meeting will be Monday, February 22nd as a joint meeting with the Committee on Budget & Appropriations to discuss the federal grants.

The minutes of January 26, 2010 were moved by Leg. Rogowsky and seconded by Leg. Nonna. All voted in favor.

Adjournment was moved by Leg. Rogowsky and seconded by Leg. Nonna. All voted in favor.