

March 9, 2011

Representative Spencer Bachus, Chairman
Representative Barney Frank, Ranking Member
House Financial Services Committee
United States House of Representatives
Washington, DC 20515

Re: H.R. 839 – “The HAMP Termination Act of 2011;” H.R. 861 – “NSP Termination Act”

Dear Representatives:

I am writing this letter to express the City of New York’s opposition to the above-referenced bills coming before the House Financial Services Committee. These measures would eliminate crucial foreclosure prevention and neighborhood stabilization support available to homeowners and communities grappling with the devastating effects of the foreclosure crisis here in New York City.

The Home Affordable Modification Program (HAMP) has been an invaluable tool for homeowners throughout the city who have unsustainable mortgages.

- Data shows us that permanent HAMP modifications have on average saved homeowners almost **\$400 more** in monthly payments than the savings achieved by non-HAMP modifications (\$1200 vs. \$828).
- Of the permanent modifications reported by the Center for New York City Neighborhood’s extensive network of service providers, 46% are HAMP modifications (479 out of 1036), which is on par with the national average of 41%, as reported by the OCC (<http://tinyurl.com/4qajkkt>).
- HAMP has had a tremendous impact in New York. In the NYC MSA, there have been 41,785 HAMP modifications (32,785 permanent and 9,000 active trials), which represents 6% of all HAMP activity nationwide.

Without HAMP foreclosure prevention efforts would be greatly diminished. HAMP has been critically important in moving the mortgage industry to make more affordable, sustainable modifications for homeowners who have the ability to stay in their homes. We know from counselors on the ground that the banks’ own proprietary modifications have become more affordable and “HAMP-like” since the full roll-out of the program, further illustrating HAMP’s impact. However, HAMP must be preserved because even as the quality of non-HAMP modifications improves, they are not nearly as beneficial as HAMP modifications.

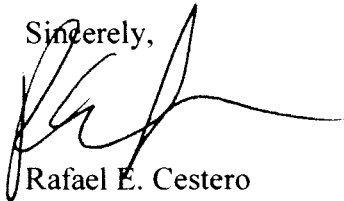


The Neighborhood Stabilization Program (NSP) provides states and municipalities with much-needed funds to stabilize neighborhoods hardest-hit by the foreclosure crisis. In NYC, we have used NSP funds to acquire and rehabilitate foreclosed homes for resale as affordable housing.

- NSP funds are reducing the city's stock of vacant, foreclosed homes that are a blight on communities. To date, we have acquired 65 homes that are in various stages of rehab, and on track to buy and restore 25 more. We are poised to launch a program that will offer NSP funds as downpayment assistance to encourage homeowners to buy foreclosed homes. These programs accomplish dual goals of incentivizing homeownership while also improving the housing stock in neighborhoods devastated by foreclosure.
- NSP funding has also been used to assist multifamily rental buildings in distress, providing long-term affordability for income-eligible families. As a result of the economic downturn, New York City is witnessing an increase in the number of rental buildings with deteriorating physical conditions, with many of these buildings in default on their mortgages. Addressing the needs of these properties is putting a strain on our typical funding sources, making NSP a particularly valuable tool. We have expended over \$3M of NSP funds on the acquisition of foreclosed multi-family buildings, creating over 200 affordable rental units in The Bronx and Brooklyn. At least \$10 million in future NSP funds will be targeted towards stabilizing some of the most distressed multi-family rental housing in the City..

As outlined here, the aforementioned programs offer critical assistance to New York City families and neighborhoods suffering from the harmful effects of the foreclosure crisis. These programs' positive impacts are extensive and they are compelling. To eliminate them now would be unwise. For these reasons, The City of New York opposes their termination.

Sincerely,



Rafael E. Cestero
Commissioner

NYC

