



HOUSING & COMMUNITIES

THE ANNUAL PUBLICATION OF THE PARODNECK FOUNDATION

WORKING WITH PEOPLE TO BUILD BETTER HOUSING FOR BETTER COMMUNITIES

NYSERDA Sets Aside \$139,450 in Grants and Incentives for CATCH Properties in Central Harlem

For the past two years, Community Assisted Tenant Controlled Housing, Inc. (CATCH) has been upgrading its systems, training staff, and generally paying closer attention to its MHA portfolio. As a result, the reliability of our portfolio has steadily improved. But there are still challenges, even to our new projects.

In performing our year-end assessment after our books were closed in 2008, we found that one new project – the Central Harlem Mutual Housing LP, with 86 units in 6 buildings, was not operating with the kind of energy efficiency you would expect from a newly renovated building. So we hired Energy Investments Systems, Inc. (“EIS”) to perform an energy audit and found that apartments were substantially over-heated; inordinate heat loss through our roofs was also detected, and our residents were paying higher utility bills.

Based on the assessment, EIS developed a comprehensive Energy Reduction Plan (“ERP”) that includes installation of temperature control valves and better regulation of the hot water flow to apartments; installation of insulation in the roof cavities; installation of low flow showerheads and faucet aerators in apartments; installation of high efficiency lighting in the public areas and apartments; installation of Energy Star refrigerators; and installation of additional controls for the circulating pumps of our heating systems.



PLANNING MEETING WITH CATCH RESIDENT LEADERS

The total cost for the work to be undertaken in all six buildings, with a total of 86 apartments comprising the Central Harlem LP: \$385,008. The total anticipated savings over the life cycle of the improvements: \$645,612! There was one remaining problem, however. How do we obtain the funds needed to match the NYSERDA (NY State Energy Research and Development Authority) funding?

We made the rounds of the banks we have done business with in the past. But when we informed them that we could not provide a mortgage to secure any loan, the discussions never progressed further.

But this story does end on a positive note. We took our problem to our friends and partners at Enterprise Community Partners, Inc. (formerly known as the Enterprise Foundation). Enterprise had served as syndicator for the Central Harlem LP project. As syndicator, it is their job to protect the tax credit investors for this project. Enterprise worked with us to free up sufficient funds held in reserve so that we could undertake the energy reduction plan – thus making the buildings more economically viable, saving energy, putting people to work in the “green labor sector,” allowing us to free up funds to invest in other areas of maintenance and operations, and further protecting the investment of the limited partners –a “win-win” situation if there ever was one.

The engineers are currently developing work scopes, drawings, and specifications. We anticipate work to start before the end of the first quarter of 2010. Thanks to all of our partners and our cooperating MHA members for helping to make this work.

INSIDE
THE EXECUTIVE DIRECTORS REPORT.... Page 3
PARODNECK HISTORY..... Page 7
MAKING SENSE OF IT ALL Page 9

CATCH (Community Assisted Tenant Controlled Housing, Inc.) News

Logan Gardens, CATCH's 104 -unit senior and disabled-adult facility on 131st Street, completed construction in early 2008. In 2009 we began to close out our contractual financing obligations and turned our attention to developing a more robust set of activities designed to keep the residents active, healthy and engaged with their building and the neighborhood.

On the 'other side of town', CATCH has been asked to take management control of a 50-unit building at 34 Jefferson Street in Brooklyn. Differences had developed between the previous developer and the tenants, and the residents interviewed several potential replacements. CATCH was selected. We are looking forward to working with their very engaged leadership to assist in converting their building into a limited equity cooperative.

Our "203k" project in Central Harlem and in the West 130s, acquired under the Neighborhood Redevelopment Program, moved into the closeout phase as the eight buildings converted to permanent financing. Twenty spacious apartments emerged from the 77 SRO units, with financing from federal, city, and private (BPD Bank) sources.



Our 43-unit building on Topping Avenue in the Bronx is preparing for full occupancy and we are working closely with the residents to help them convert to a limited equity cooperative.

We are also working with the board to approve new potential shareholders.

In 2009 we completed the sale of five Neighborhood Housing Program (NYCHPD-sponsored program) brownstones in Central Harlem, providing home ownership opportunities for community residents who may wish to move from rental to home ownership. The brownstones sold for between \$455,695 and \$668,693 and each included two income generating rental units which gave people not normally able to afford homes added leverage to purchase. This was CATCH's first experiment with homeownership programs, and our staff rapidly developed the skills needed to handle such projects.

We are working with a faith-based organization in Brooklyn on a "HUD 202 project" for very low income elderly persons. These types of endeavors are always lengthy, multi-year projects. We are engaging consultants and plan to have a funding proposal ready for submission in 2010.

CATCH's Central Harlem buildings now have an excellent Resident Council and thus our members, through our resident leaders, are more fully invested in their community.

We also oversaw a New York Community

Cont on pg 8

CATCH'S First NHP Brownstone Owner

Tara Johnson, a longtime Harlem resident, was selected through our lottery process to purchase a brownstone at 69 West 126th Street. In an interview with Ms. Johnson, she recalled getting the initial call from CATCH informing her that her number was selected. This was a dream come true. "I've heard of this kind of luck but didn't think it would happen to me".



Ms Johnson entering her new home.

Ms. Johnson was born and raised in Harlem and wouldn't want to live anywhere else. She has been employed with the New York City Fire Department for the last 15 years, and prior to that she worked with the Police Department for 9 years. She recalled that, upon deciding to become a homeowner, she found that she could not afford to live in Harlem. Although housing developments were springing up throughout Harlem, the rents were high and the prices of homes there were sky-rocketing. Yet she was determined to be a homeowner.

Thus began her quest to look outside of Harlem. Then she came across an ad in the newspaper about CATCH selling brownstones in Harlem through a lottery process. The prices of these homes were relatively low, located in the area she lived in, and were centrally located within a one-mile radius of stores and public transportation.

This was a potential dream come true-being picked #14 out of 214. And then the big day came when she received a call informing her that her number was next and she should submit her paperwork. She said "I felt like I hit the lottery", as she had, and it was her dream come true.

A Note From Our Executive Director Carlton Collier



Among the most distressing things I see on our horizon is the fact that there is generally very little public focus on affordable housing for low income people. At no time during the 2008 presidential campaign did I hear candidates discussing low income housing. Their focus on rebuilding the country seemed to lack a concern with helping those at the bottom, let alone a commitment to enlisting them in the rebuilding process itself.

As a consequence, most of the money that was supposed to go towards “shovel ready” projects appears not to have benefitted the low income housing sector. What’s more, the stimulus focus on infrastructure overlooked the whole non profit community, housing related and otherwise. This important sector was suffering from drops in both private and public funding and needed a boost just as much as the banking industry. Tax Credit money had already begun to dry up by late 2008, limiting the ability of nonprofit organizations like CATCH to develop future decent affordable housing. And while foreclosure assistance money did begin to flow from Washington, we have seen what appears to be (unintended or even intentional) blockages in that system at the bank servicing level. Nonetheless, we are doing our best and I am still proud to able to get up in the morning and work with my community of affordable housing colleagues.

We have also been witnessing a disturbing trend in which bigger not only seems “better” but seems best. The large funders and bankers appear to be exercising a Darwinian strategy.... feed the fat and starve the malnourished. Care should be exercised here for several reasons. The small organizations are still a remarkable repository of talent and in many cases are far closer to the community than the large city or national service organizations. Equally important, is that even as we recognize the need for some large “efficient” organizations, we forget they all grew from small ones years ago. Just like support for the Broadway theater, or big box retailers sometimes ignores that fact that it is the small theater company or neighborhood recording studio which provides the fundamental energy for a larger economy, we also forget that the local community organization, while perhaps not at the forefront of “product development”, may serve the community in a more productive way.

Like nearly all nonprofits, our funding declined in 2009. Like others, we have been forced to tap into existing assets and, as a result, operated at a deficit last year. While this may be unavoidable in a recession, I can see no indication that Washington or Albany understands the potential of the local and community-based service providers to be agents of positive change, especially in such difficult times. We are hopeful that the elected officials-- local, state and national-- will not present just a façade with their job programs and in rebuilding the nation’s economy, but will give emphasis to jobs and development opportunities which will help low income citizens. The appointment of Rafael Cestero as HPD commissioner bodes well, as he not only understands New York City’s unique needs but he also realizes the need for a strong partnership of government, the not-for-profit sector, and the private sector. We wish him well and hope that he will bring his skills to bear on a variety of housing issues.

Lending Department News -Dwayne Jones, Director of Lending

For the past decade the Foundation has been at the forefront of mortgage foreclosure prevention and for twenty five years has helped low income seniors make much needed home repairs. During the current mortgage debacle, which was foreseeable, Parodneck has maintained its focus on keeping its community of seniors in their homes under safe, livable, and good repair conditions, even extending to the replacement of obsolete structure and systems. See opposite page for Mrs. Adams' and the Watson Family's stories.



Demand for intervention services increase while funding decreases: In 2009 we saw a 93% increase in our applications from senior homeowners threatened by the twin challenges of debt and property deterioration. At the same time, these long term neighborhood cornerstones – 1 to 4 family homes-- were threatened by a darker funding climate. For example, the City budget has reduced SCHAP's (Senior Citizens Homeowner Assistance Program) funding of \$1.8 million for repairs down to \$900,000. Yet over the past five years, even this reduced funding allowed us to repair an average of 80 senior homeowner units per year. It also provided for the annual review of a portfolio of over 1250 senior home repair loans.

We have applied to replace the lost source of funds through the Federal Treasury's Community Development Financial Institution (CDFI) which has earmarked stimulus funds (we have been a Treasury Certified CDFI since 2004). We have also aggressively turned to NY State capital resources like RESTORE, an emergency repair fund; ACCESS to HOME, a disabled persons retrofit fund, and AHC and HOME, our traditional New York State funding sources. Despite this funding climate we have positioned ourselves with other senior citizen direct service providers, legal, political, and public policy advocacy networks. These networks strengthen our sustainability through better access to seniors at their moment of need, including, for example, Pratt Area Community Council, the local office of City Council Member Charles Sanders, and Robert Couche Senior Center in Queens, NY. We are experiencing record levels of client contacts as our work in education, outreach, and public policy forums create a better climate to not only serve our constituents but also increase city wide awareness of Parodneck's mission toward seniors.

Foreclosure landscape: A critical factor that has turned the tide in the homeowner's favor is the increased numbers of federal, state and municipally funded foreclosure counselors. This pool of counselors and the increased availability of counselor training have imposed Best Practices on the foreclosure intervention process. These added counselors provide a more vigilant daily check on the remarkably clumsy efforts of lenders, loan "servicers" (who provide the routine management of the loans), and investors to modify their poorly originated unaffordable loans.

Today, foreclosure intervention advocates and homeowners have at their disposal court mandated lender and homeowner remediation conferences. Most homeowners are still not aware they have the right to these conferences if their lender files a foreclosure notice against them. But, as we get the word out, the mere existence of these conferences subjects them to oversight and improvement. A homeowner now has access to a required court supervised hearing between borrower and their lender. The courts are more frequently a referee that ensures homeowners are no longer bullied by their lenders. Homeowners now get a court monitored opportunity to demonstrate how a more affordable mortgage payment could help them keep their home.

We have upgraded the skills of our staff to handle the overwhelming volume of seniors wanting to stop the bank from taking their homes. We continue to originate loans to fund repairs, often after we have negotiated lower sustainable mortgage payments on behalf of our senior homeowners. Octavia Brown, who started with us an intern, is now our Intake Coordinator and is receiving foreclosure counseling and loan origination training. She has emerged as the administrative backbone of our department. Noemi Aviles has also joined us. Noemi is bilingual in Spanish and English. She brings over 20 years of credit and underwriting experience in the banking industry and has counseled and presented dozens of cases on behalf of clients for loan modifications, which lower mortgage payments to a sustainable level for the homeowner. Noemi originates most of our Bronx and Brooklyn homeowner repair loans.

The Watsons Get a New Roof, New Windows, AND New Kitchen Cabinets

Caroline and Gracie Watson of the Bronx came to Parodneck needing extensive repairs for their home which they had purchased eleven years ago.

They had pipes leaking heavily. Their roof needed replacement. The building façade required significant pointing to eliminate water infiltration through the deteriorated brickwork. Their pre-1948 windows needed replacements to impose some energy efficiency and lower their runaway utility bills. All exterior doors needed weatherization and replacement. And their kitchen cabinets had serious water damage.

These conditions had forced the Watsons to adjust to a saddening and uncomfortable situation. However, as eligible seniors who met the income and age conditions, SCHAP was able to arrange a 30-year, deferred and no interest loan of \$60,000.

The Watsons next selected a contactor from among a list of approved firms that we provided. They managed the work of the contactors on their own although Omar Tejada, Parodneck’s Construction Monitor, provided valuable guidance.

The Watsons said, “Omar answered all of our concerns and questions in a professional and caring manner. In addition, he made himself available to help and assist us via cell phone daily. His integrity and truthfulness in all the transactions were truly refreshing in today’s world. ...Each area of the renovation was done in a detailed, professional, and cooperative manner...Manuel Fernandez and the Delta Contracting Company did the major renovation in our home. We wish to commend them for a job well done” .

During the process of home repair, we also determined that the mortgage they were carrying into Mr. Watson’s reduced income retirement was eligible for a modification of payment and interest. They received a new loan payment with their lender, reducing the total from \$1,949 to \$1,423 a month after our intervention on their behalf with their lender to secure a more affordable payment.

The Watsons said they “offer our sincere and utmost thanks for our newly renovated home. And we look forward to enjoying it for many years.”



Mrs. Adams Lowers Her Mortgage Payments

Mrs. Winnifred Adams, a Brooklyn homeowner since 2005, came to Parodneck after several attempts to get an explanation for the increase in her monthly mortgage payments. Her lender had increased charges for her escrow account for taxes and insurance.

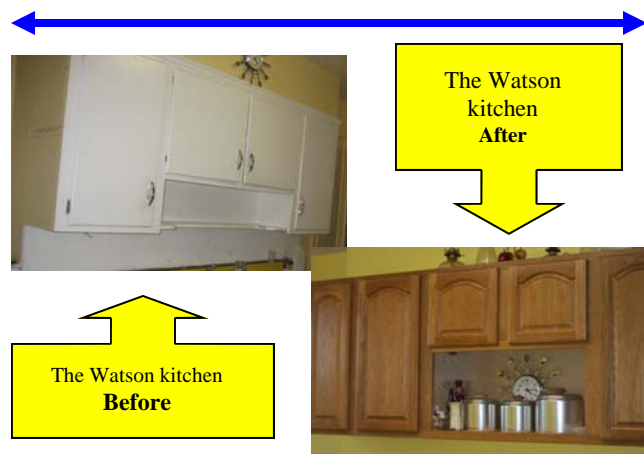
We reviewed her escrows for homeowners insurance and tax obligations. We were able to determine that her lender had overbilled her for these escrow amounts. In the course of this review we also uncovered the fact that, due to health challenges, she had experienced a reduction in her income as a social worker.

We approached the lender about correcting their escrow accounting. At the same time we proposed a modification of her loan based on the permanent nature of her health challenges and her subsequent sustained income reduction.

Ms Adams owed the bank \$317,000 and was paying \$2,230 a month subject to the bank’s alleged escrow arrears of \$2,482. We were able to obtain a modification of her monthly mortgage payment down to \$1,088/month inclusive of her principle, interest, taxes, and insurance.

We were also able to offer her funding through our Senior Citizens Homeowner Assistance Program to install security bars on her basement and first floor windows and to provide roof repairs and weatherization sealing on all her 24 windows.

As a result of the mortgage payment reductions, combined with the home renovations, Ms. Adams now enjoys a safe and comfortable home with affordable mortgage payments.



CATCH's Hero and Shero



Earl Cleveland

“Nothing gets by me.”

This is how Earl Cleveland sees his role at 865 E 167th Street in the South Bronx, the building where he has been a resident since 1954.

As a member of the South Bronx CATCH Mutual Housing Association Board of Directors for 8 years, Earl works closely with the building’s supers and make sure “things are followed up”.

Earl was president of his building’s co-op board before it fell into financial trouble and had to turn to CATCH in 2001. He is most proud of his board role in selecting new residents, “which is key to a successful building”. Earl was a NYTA bus driver before his retirement and the people skills developed there have helped him in this new task. The biggest difference he sees between his former co-op and CATCH buildings are that CATCH residents are not overwhelmed by daily maintenance and other problems as they now have the resources to hire and oversee a management company.

But the hardest task he sees is when a tenant falls behind in rent and faces eviction. This process is difficult for all, and while he recognizes this may be a by-product of these difficult economic times, it is still very stressful. On the other hand, what delights him is when residents recognize that the intercom system is a very important building asset to limit strangers and that people should not be let in “just because they look OK.” He is also delighted that residents are learning to use the recycling bins provided, once people realize that “it is us who pays the fines”.

On his wish list? Better cameras for the security system, one which can take advantage of the motion detectors already on the roof, for example. Earl has seen the community change dramatically from the days of “Burning in the Bronx”. New homes have been built, even new schools, and “there are more children in the neighborhood; it’s all for the good”. Earl has been married for 41 years to Lisa; and they have one daughter, two sons and eight grandchildren.

And what does he do outside his “CATCH hours”? Earl collects coins and has a double die 1942 dime and a famous Buffalo Nickel. He also carools to Montauk to fish with buddies and has been a longtime member of the Chelsea Gun Range. Earl’s relentless hard work in developing, maintaining, and organizing CATCH buildings makes him a True Hero.



Odessa Starkes has been a member of The Central Harlem MHA board for over 12 years. While 7 of the 10 board members are residents in CATCH buildings, Odessa is a “Public Interest Member”, appointed by the board. These members are community leaders who support CATCH’s mission.

Ms. Starkes, who is now retired from her position as an administrator with the investment division of the Ford Foundation, said her roots in the community and her work experience prepared her for the role she encountered five years ago.

She lives just down the block from 377 Edgecombe Ave, a part of CATCH’s Central Harlem MHA. When the building was in difficulty and the City was about to take it over from its owner, Odessa worked with then City Council Member Stan Michaels and City officials to assure that the residents could remain. She then helped that group transition from “7A status” to membership in the Central Harlem MHA.

Odessa said, “we have an awful lot of people wanting to become CATCH residents and the Board is very careful in selecting qualified ones”. One of the things we look for is how much they will contribute to the functioning of the buildings”. While she admits it is often a smaller group who eventually ends up handling much of the work, she realizes people have busy lives.

She wishes there were more funds available for repairs, but is nonetheless extremely proud of the rehabilitation of the Edgecombe Avenue building. She was also very proud of how the CHMHA board was able to ask residents what they wanted in an apartment, and when another building on 151st Street was renovated, the large apartments the architects were able to carve out were viewed very positively by the residents.

When asked about conventional activities of a retiree (knitting, television, etc), she laughed, and said “Oh no, I’m too busy helping people, helping run my block association, helping the seniors with their doctor’s appointments and taking their meds.” “I get joy from helping others and am running up and down the block all day long”. A True Shero!

From Milk to Housing: The Continuing Story of Meyer Parodneck and The Parodneck Foundation



In last year's edition of our Newsletter we provided a short story on our founder, Meyer Parodneck. That article, accessible by request or through our website (www.parodneckfoundation.org), briefly traced Meyer's roots through Europe as a young child nearly orphaned in London, through his childhood living in near-poverty on the Lower East Side, through to his success as a lawyer, a real estate investor, and –most importantly (to us) – as President of the Consumer-Farmer Milk Cooperative, Inc. At its height, the cooperative served thousands of consumers and came to be a \$6 million business dedicated to getting the “lowest prices for the consumer, while getting the best prices for producers.” In this edition, we will trace the genesis of our initial foray into the housing field.

While Meyer worked tirelessly for the Cooperative, he also volunteered and advocated for many social causes. One organization that remained both critical to his work in the Cooperative and worked for positive social change was the United Neighborhood Houses. As a volunteer board member, Meyer was active on its committees and participated in the many cutting edge policy discussions of the day. But one UNH initiative was to have a transformative effect on Meyer himself and presaged the work of the foundation.

In the late-sixties and early seventies, New York City began to experience a trend that was unique and disturbing – landlord abandonment. This was disturbing because New York City, as the nation's preeminent urban center, had never experienced abandonment on such a grand scale. Others at UNH shared this concern and they decided to hire Professor Robert Kolodny from Columbia University to study the phenomenon. But more importantly, the board and executive staff of UNH were interested in a dimension of this abandonment scourge that was also unique, but promising as well.

Entitled Self Help in the Inner City: A Study of Lower Income Cooperative Housing Conversion in New York, Robert Kolodny documented what he termed “ad hoc tenant management” in abandoned buildings. What he meant by this was that landlord abandonment did not always result in “tenant abandonment.” Instead, left to their own devices, many tenants in abandoned buildings collected their own rents and paid for necessary services. The report became the beachhead for what would become the Self-Help Housing Movement. As an aside, the report was signed off on by its President at that time, Dr. Arthur C. Logan, the namesake for Logan Gardens, a senior and disabled project rescued from foreclosure by Parodneck Foundation's affiliate, CATCH, a few years back.

Having participated in the development of this project, Meyer became enthused about translating cooperative principles into the burgeoning housing sector. After consultation with the board of the milk cooperative and after much legal preparation, the assets of the Consumer-Farmer Milk Cooperative, Inc. were sold and the Consumer-Farmer Foundation, Inc. was established. By the time the UNH report was issued in 1973, Meyer and his long time associate Martin Young had already advanced their first loan to a building on the Lower East Side made up of organized tenants who took title to their building and, with the aid of our financial support and the legal assistance of MFY Legal Services, became a self-help tenant cooperative – the first of many thousands to come.

[In the next issue, we will explore our early work with sweat equity cooperatives and how that evolved into our involvement into more comprehensive community development and community building projects.]



See answer on page 10.

Development Department News

Where's the Money?

By Jamie Fenwick, Director of Development.

Typically, the Parodneck Foundation generates between 20 and 30% of its budget from grants provided by corporations, individuals, foundations, and government. The balance of our income is “earned” by providing direct services, usually under a government contract. Each year it becomes harder to attain our fundraising goal.



Very few organizations now give support for general operating costs. While some government contracts allow for very modest amounts for overhead, the problem remains. Thus organizations end up chasing very program-specific awards, grants or contracts with little support for overhead. And when the project is ended or the flavor of the month loses appeal, we and others are left with sometimes narrowly trained staff, and the need to downsize or to seek out or create new programs. The one positive side of this paradigm is of course that organizations are forced to be responsive to their ever-changing environment and to generate programs which will “support themselves”. But “earned income” for a not-for-profit often must come from its own client base – a difficult proposition when our “clients” struggle to meet the challenges of daily life. .

Charitable giving peaked in 2000 at the height of the dot.com boom and then declined for several years. It recently experienced a resurgence, but with a considerably different priority. Traditional areas of concern like the arts, urban development, the humanities, and even many health areas have declined. Newer areas grabbing a larger share have included the environment, job development and training, criminal justice, and youth activities.

One exception is the mortgage and credit crisis which began to develop in late 2007 and hit its peak in 2008. Fortunately, Parodneck’s history of strength in this area has generated new sources of funding, primarily governmental. For example, three new government programs provide opportunities for funding and we were able to tap into all of them: two NY State (SONYMA and DHCR) programs and one City based program funded by the Center for New York City Neighborhoods. The New York City Council also increased its support with new contributions from the Manhattan Delegation and Councilmember James Sanders, Jr., of Queens, along with ongoing support from Councilmember Robert Jackson. We also received a modest grant from the City Department of Consumer Affairs to redesign our lending department’s software.

As more banks disappear, funding has inevitably declined. Foundation support will also inevitably decline as their own portfolios, and thus giving, has decreased by 20% to 50%. Nonetheless, we will continue to develop relations with the existing philanthropic community, seek out some of the newcomers, and present our efforts in different ways. We are planning to increase our website capacity in the coming year with a design upgrade and added features (e.g. blogging and donation acceptance), and we are also planning a large scale event for 2012 to celebrate Parodneck’s 75th anniversary.



CATCH News Continued from page 2. Trust-funded survey of member assets both personal and professional, which can be used by the CATCH community at large. ActKnowledge, a local research/evaluation organization with CUNY roots, conducted surveys in all of our buildings. ActKnowledge worked with and trained several of our resident members to conduct the surveys. We are now in the process of working with MHA boards and ActKnowledge to capitalize on the results of the survey - which showed how vast and diverse those member assets actually are. The groups are developing strategies to use those assets and to increase member involvement. Who knew that we had so many talented members and so many people willing to work to share those talents with others, particularly our children?

CATCH’s 2nd Annual Family Day/Back to School was a highlight of the year. Over 40 attended and the best possible record of the event is a report by Shani and Michael Tefera called on their “*First Family Day Experience*”..... *When my husband and I were first interviewed for an apartment, we were struck by the commitment of the CATCH employees and Apartment Captains to the betterment of the dwellings and the neighborhood. We finally felt like we had a community to belong to. The annual Family Day event was just further confirmation of that sentiment. The atmosphere was one of a down home family reunion. Everyone introduced themselves and welcomed us with open arms. The food was lovingly prepared and served. We were thoroughly entertained by the children’s fashion show. I loved how every child was encouraged to showcase his or her personality and style. One could literally see their self-esteem rising. Naturally, all the parents beamed with pride. Thank you CATCH for inviting us to the Family Day event”.*

Making Sense of It All (Not)

By Harold DeRienzo, Parodneck Foundation General Counsel and former President



These are difficult and confusing times. For example: Why are banks, on the verge of collapse 18 months ago, now showing profits? And why is this occurring while ordinary Americans suffer with debt, unemployment and diminished prospects? The ultimate answer lies somewhere within modern trends that have perverted the very role of banking.

Banks are essentially “financial utilities” with two primary roles: creating money through credit and channeling savings from prosperous sectors of the economy to developing sectors, all for the purpose of fueling economic growth.

Our current story begins with deregulation, along with an obsessive insistence on increasing homeownership through prime and sub-prime lending sectors during the Clinton Administration, exacerbated during the G.W. Bush years when any government regulation was viewed as repulsive.

To illustrate the impact of financial deregulation on the economy as a whole: In the past two decades, the percentage of Gross Domestic Product attributable to the finance sector grew from about 23% of GDP in 1990 to about 31% of GDP in 2006. But even more telling, the finance sector’s share of profits increased from about 10% of profits of all US companies in the 1980s to about 40% in 2007 (*see reference below*).

Imagine if your local electric utility began to operate in a manner that usurped the economy it was created to support. In other words, energy and its production became an end in and of itself. This is what essentially happened within the financial sector. And when the worst case scenario occurred, the banks were bailed out both directly and indirectly.

The banks were provided with critical short term funds (TARP) to ease the liquidity crisis, but then the Federal Reserve began buying up toxic assets, thus converting privately-held liabilities into public liabilities. Furthermore, the bail out of AIG made sure that investments, like credit default swaps (insurance against investment losses), were paid 100 cents on the dollar.

Think of it this way. You own a small business. There is a fire. The fire was caused by your storage of unsafe, and excessive amounts of, flammable materials in your basement – materials that you sold on the side for immense profit. You file your claim but your insurance company is insolvent. But the federal government gives you funds to stay in business. Then it decides to bail out your insurance company. You stay in business, are able to buy up a few competing businesses, and all your losses are then covered as well by the insolvent insurance company.

This perversion goes a long way to explain current confusion. The only reasonable response to the current crisis is to re-structure the financial sector, with a view of its appropriate role as an economic utility, not a generator of (ultimately) illusory profits that end up destroying productive investment and degrading our national currency.

Reference: Mar Gudmundsson, Deputy Head of Monetary and Economics Department, Bank for International Affairs (Keynote Address: See www.bis.org/speeches/sp081119.htm)

INTERN CORNER



Jasmine Vega

As senior year came around all of the stress from college and job hunting hit really hard. That's when I was informed by my guidance counselor that there was a program for senior students to get a job called the "In School Youth" program. This program guaranteed you a job if you met all of the standards. When I found out that I was eligible, joy came over me because having my first job would relieve a lot of stress due to school financial issues.

The I.S.Y program is where I had heard about the Parodneck Foundation. The thing that impressed me the most about this foundation is that it helped the elderly with household issues. I honestly felt that this would be the perfect job because I had previous office experience from interning at AVON, at my school's library, and assisting my teachers during my free periods. It would also be a perfect job for me because I love helping people in every way that I possibly can. Right then and there I knew I had to contact the person in charge of the I.S.Y interns at the Parodneck Foundation, Ms. Thomasina White, for an interview.

After having my interview I became filled with excitement as they informed me that I had gotten the job. I knew that since this was going to be my first job ever I would have to be dedicated and willing to learn a lot of new things. This job has taught me to be more efficient in my work, to be more organized and to have everything done in a timely fashion. I am so grateful for having this opportunity to learn new things that will help me for my upcoming college year and for having the opportunity to work in such a great foundation as this one.

Pauline Hughes

My name is Pauline Hughes. I am a 17 year-old senior attending ACORN High School for Social Justice. I feel that it is never too early to prepare yourself for the future and for the workforce. While still attending high school, I started internship classes with the Door and was assigned to the Parodneck Foundation. The Foundation works to help senior citizens in maintaining a good and stable home and avoid mortgage foreclosure.

While interning at the Foundation, I've learned and experienced a lot. I've learned to use lots of different office equipment as well as Microsoft Office software. I experienced working with important information using different types of databases. Additionally, my skills of organizing and being patient have improved. My supervisor, Ms. Thomasina White, one of the managers at the Foundation, has made a positive impact on my life by teaching me important career skills that will benefit me for the future.

Staff Corner

Carlton Collier, Executive Director
Harold DeRienzo, Corporate Counsel
Jamie Fenwick, Development Director
Thomasina White, Asst. Director of Compliance

Dwayne Jones, Director of Lending
Gerald Carter, Loan Processor
Noemi Aviles, Remediation Specialist
Octavia Brown, Administrative Assistant
Omar Tejada, Construction

Tadessech Scott, Project Manager
Dalila Morales, Lead Resident Specialist
DeWayne Robinson, Social Service Coordinator
Felicia Hassell, Resident Specialist
Tiana Scott, Resident Specialist

Ismael Laboy, Fiscal Officer
Betty Aguasvivas, Bookkeeper
Virginia Ortiz, Fiscal Assistant/Office Manager

ANSWER: What is this? (pg 7) Why, it's **A Milk Station!** Now, your response will likely be, "Well that helps. What is a milk station?" Well, a milk station was a very important program of our predecessor corporation, the Consumer-Farmer Milk Cooperative, Inc. Since most of the "consumer" members of our board of directors were made up of the various heads of Settlement Houses throughout the city, and most of these Settlement Houses had programs operating out of New York City housing projects, it was suggested by them that we set up "milk stations" in the open areas of the projects where milk would be sold right out of the truck to residents. These residents would save up to 25% on the cost of their milk! This was a great program for our consumer and producer members – but not for the milk trust, which eventually destroyed our milk stations. How, you might ask? The fact was that the milk trust in New York State was frightened by the success of our milk cooperative and did everything possible to destroy it. The action that caused the discontinuation of the milk stations was based upon our contract with the Teamsters Union (whose members drove our milk trucks). Because we were so small, we were required by our collective bargaining agreement with the union to adhere to whatever terms Borden/Sheffield negotiated with the Teamsters. The day of reckoning came when that agreement, by which we were bound, prohibited delivery of any milk to other than a retail establishment. From that point on, the drivers refused delivery to our milk stations and we shut down that part of our operation, a part that we considered among the most socially-significant of our activities.

Thank you to our sponsors and partners

The Parodneck Foundation would like to thank the foundations and corporations listed below. Each of them generously supported our efforts during 2008 and 2009. Without that support, we would never have been able to do the things you are reading about in this newsletter.

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<u>PROGRAM</u>	<u>BUILDINGS</u>	<u>2009</u> <u>UNITS</u>	<u>INVESTED</u>
CATCH Portfolio	62	911	\$82,708,459

<u>PROGRAM</u>	<u>BUILDINGS</u>	<u>2009</u> <u>UNITS</u>	<u>AMOUNT</u>
SCHAP Loans	30	44	\$1,207,572

2009 MORTGAGE REMEDIATION PROGRAM

Preliminary Consultations — 712
New active cases — 338 with \$109,850,000 in mortgage debt
Total active (year end) — 418 with \$135,850,000 in mortgage debt

Results — 137 loan modifications
81 cases pending lender decision
52 cases awaiting initial lender response
148 cases referred to legal services

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