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FOR IMMEDIATE RELEASE

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MAYOR BLOOMBERG, ENVIRONMENTAL PROTECTION COMMISSIONER HOLLOWAY LAUNCH NEW PROGRAM TO RELIEVE WATER DEBT AND HELP PREVENT MORTGAGE FORECLOSURES

New Program Part of 2010 State of the City Pledge to Help Distressed Property Owners At Risk of Foreclosure

Mayor Michael R. Bloomberg and Department of Environmental Protection Commissioner Cas Holloway today launched the Water Debt Assistance Program, a new initiative that will temporarily relieve homeowners at risk of foreclosure of past-due water and sewer debt. The program is a component of Mayor Bloomberg's 2010 State of the City pledge to launch the most ambitious home foreclosure prevention effort of any city in the nation. Homeowners at risk of foreclosure whose properties are also on the Department of Environmental Protection's (DEP) 90-day lien sale warning list can apply for the program. If the homeowner qualifies, DEP will remove their property from the upcoming May 10th lien sale and defer their outstanding debt until the property is sold, refinanced or the owner has the ability to pay the debt. Homeowners would be required to pay all subsequent water bills on time to remain in the program. The Mayor announced the start of the program at an office of the Pratt Area Community Council, one of the Center for NYC Neighborhoods' community partners in providing foreclosure prevention counseling, in Brooklyn. The Mayor was joined by Department of Housing Preservation and Development Commissioner Rafael Cestero; City Council Members Albert Vann, Leroy Comrie, and Thomas White, Jr; and Executive Director of the Pratt Area Community Council Deborah Howard.

"This new program is part of our effort to build the most ambitious home foreclosure prevention effort of any city in the nation," said Mayor Bloomberg. "By putting a temporary freeze on water and sewer debts, and not assessing any interest on those unpaid debts, we're offering a financial lifeline to many homeowners that need help now more than ever. We're taking the immediate pressure off one front in their struggle and in many cases that will then help them get back on their feet and stay in their homes."

"The Water Debt Assistance Program is a new tool to help homeowners at risk of foreclosure," said Commissioner Holloway. "This program will help keep New York City neighborhoods strong, and strikes the right balance between ensuring that everyone pays their fair share for the best drinking water in the country, and

recognizing that we need to help responsible, hard-working homeowners weather these very difficult times."

"Given the tremendous financial woes facing so many homeowners in communities like Bed-Stuy - this program is right on time," said Council Member Albert Vann. "I applaud Commissioner Holloway and the Mayor for thinking outside of the box in developing novel and immediate ways to help homeowners hold on to their most valuable asset - their home."

"I strongly encourage all eligible homeowners to take advantage of DEP's new Water Debt Assistance Program, which provides necessary relief to at-risk homeowners," said Council Member Leroy Comrie. "With Southeast Queens foreclosure rates being one of the highest in the City, the debt assistance program offers residents breathing room to focus on home-ownership preservation. I applaud DEP and the Administration for making great strides to protect New York City's middle class."

"As you all know, Southeast Queens is at the epicenter of the city's foreclosure crisis, and many of my constituents are fighting to keep their homes," said Council Member Thomas White, Jr. "Unfortunately the inability to pay one's water and sewer bills is often linked to mortgage delinquency. The water debt assistance program should be viewed as another tool in the City's already extensive arsenal of anti-foreclosure weapons like the Center for NYC Neighborhoods. By taking a comprehensive approach to the problem at hand, the City will be able to help thousands of homeowners keep their homes, and ultimately maintain the quality of life throughout our neighborhoods."

"This innovative program offers genuine relief to families who are swimming against the tide of foreclosure and struggling to make ends meet. Following the leadership of Mayor Bloomberg, our Administration continues to take huge strides in strengthening neighborhoods and keeping families in their homes through one of the most aggressive foreclosure prevention efforts in the country," said Housing Preservation and Development Commissioner Cestero. "Whether utilizing innovations like our \$10 million Mortgage Assistance Program, or working with partners like the Center for New York City Neighborhoods, who provide critical legal and homeownership counseling services - we are striving to connect our tools to those New Yorkers most in need."

Homeowners who qualify and enroll in the new Water Debt Assistance Program will be removed from the upcoming water lien sale. Additionally, they will be relieved of the 5 percent initial surcharge and 18 percent annual interest that accrues on water debt once a lien sale is finalized. By joining the program, homeowners will acknowledge their existing debt, agree to pay all future water bills on time, and commit to repay the debt in full by the time the property is sold, transferred or refinanced.

The 2010 90-day warning list for lien sales was published on February 2nd and includes nearly 12,000 properties with outstanding water and sewer debt. Properties must have more than \$1,000 in overdue water bills, outstanding for at least a year, to be placed on the lien sale list. Approximately 2,000 homeowners may qualify for the Water Debt Assistance Program.

Eligibility criteria are as follows:

- Tax Class One property;
- The property is an owner-occupied two- or three-family home;
- The owner has received formal notice of serious delinquency from their mortgage lender;

- The owner must acknowledge the existing water and sewer debt, and all future water charges must be paid in full or the property will be included in a subsequent lien sale;
- The owner must enter a binding agreement that the water and sewer debt will be paid in full when the property is sold, transferred, or refinanced; and
- The owner must be deemed as qualified through a means-test, which will examine the owner's full financial picture to evaluate their ability to pay the debt.

The City began selling liens on Tax Class One properties for water charges independent of tax delinquencies following the enactment of Local Law 68 in 2007. The lien sale is an essential collection tool that serves as a powerful incentive for property owners to settle outstanding debt. Since 2008, of the delinquent accounts that were placed on the 90-day lien sale list, liens were sold on only 14 percent of properties, with the remainder entering payment agreements before the lien sale took place.

DEP does not pursue lien sales for delinquent single family home accounts, so single family homes are not a part of the program. Details about the program will be mailed to all other Tax Class One properties that are on the 90-day lien list. Homeowners interested in this program can schedule a pre-qualification appointment or learn more about the program by calling 311 or visiting www.nyc.gov.

DEP manages the City's water supply, providing more than 1 billion gallons of water each day to more than 9 million residents, including 8 million in New York City. New York City's water is delivered from a watershed that extends more than 125 miles from the City, and comprises 19 reservoirs, and three controlled lakes. Approximately 7,000 miles of water mains, tunnels and aqueducts bring water to homes and businesses throughout the five boroughs, and 7,400 miles of sewer lines take wastewater to 14 in-City treatment plants.

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