

NEW YORK POST

N.Y. FORECLOSE FRENZY

By KATE SHEEHY

August 22, 2007 -- The nation's housing foreclosure crisis has walloped Manhattan with a vengeance this summer - as the number of filings leaped 184 percent in one month alone, according to new statistics released yesterday.

Staten Island also suffered from the frightening flood of foreclosures between June and July, recording a 102 percent jump, reports industry expert RealtyTrac.

"It may have taken a little bit longer, but the subprime [mortgage foreclosure] wave has finally hit New York," one industry source said.

The total jump among the city's five boroughs was 55 percent in the past year, soaring from 1,648 to 2,561 foreclosures, the figures show.

The borough that took the worst hit overall was Queens, which racked up a 126 percent increase in its number of foreclosure filings from July 2006 to July 2007.

Its numbers rose from 390 to 882.

Queens was followed by The Bronx, with an increase from 208 to 321, or a 54 percent surge.

In Brooklyn, the figures rose from 581 to 875, for a 51 percent jump.

While Manhattan was hit particularly hard at the start of this summer, its total increase in foreclosures for the past year was moderate by comparison: just over 12 percent.

Its foreclosures rose from 225 to 253.

Staten Island actually recorded a decline of 5.7 percent for the year - dropping from 244 to 230 cases.

The state registered an overall 22.5 percent rise in foreclosures.

Driving the foreclosure phenomenon is the popularity of the risky subprime mortgage market.

Subprime mortgages are often doled out initially at a relatively low interest rate - then jump within a short amount of time to exorbitant prices. Many homeowners are then left with bills they can't afford, prompting foreclosures.

Part of the problem has been the lure of a past explosive housing market, which has seen values skyrocket and prompted potential homeowners to want to grab a piece of the pie, said Solomon Greene of NYU's Furman Center for Real Estate and Urban Policy.

"When prices are going up, it makes a lot of sense to want to partake and benefit in that prosperous housing market," Greene said. "It used to be that lenders would put the brakes on overambition. They wouldn't want their [borrowers] to fail."

"Lenders have been willing, with the advent of the subprime industry, to be much looser in their standards. There's a crisis in the subprime industry."

Sen. Charles Schumer (D-N.Y.) said he plans to push legislation that would increase the amount that the government gives to subsidy-assisted lenders such as Fannie Mae and Freddie Mac, which buy and refinance properties to stave off foreclosures.

He said he also wants to dump \$100 million more into counseling programs for property owners who find themselves drowning in mortgage bills.

"Anyone who thinks New York City is going to escape the subprime crisis is just plain wrong," Schumer said.

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