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Yonkers cited for poor record keeping in federal loan program

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YONKERS - An audit of a city-administered job-creation loan program found that inadequate oversight produced few jobs for low-income residents.

The federal Department of Housing and Urban Development cited Yonkers for "significant weaknesses" in its controls of the Section 108 Loan Guarantee Program, which resulted in the creation of just 209 verifiable jobs out of the 1,915 that were supposed to be created by loan recipients between 1997 and 2007.

The city's problems included inadequate monitoring of the use of the loans, failure to notify HUD of loan defaults, poorly maintained loan-repayment accounts and little data on job creation.

The March 6 audit blamed staff in the city's planning and economic development offices, which suffered from staff turnover.

In some cases the low-interest loans didn't produce a single verified job.

A \$3.4 million loan in 2000 to acquire property promised 520 jobs but only created one after the loan was repaid.

A 2007 loan for \$950,000 was for developing a restaurant and ferry landing on the waterfront. That project is up and running, but city records could not verify that any jobs were created, even though people currently work there.

Planning and Development Commissioner Lou Kirven called the city's loan program a success despite the poor record-keeping, which he said the city will improve.

He added that the low number of jobs reported does not reflect the true numbers.

"The Ridge Hill project has a very low number (of jobs reported), but if you go up there you see hundreds of people working," said Kirven, who in February wrote to HUD detailing all the corrective actions the city will take.

Yonkers residents Valerie Pearson and Annette Arthur, members of Community Voices Heard, brought the audit to The Journal News' attention. The women said it casts doubt on city officials' job-creation claims regarding downtown redevelopment.

Kirven said that even if loan recipients failed to create the projected jobs, the city must continue lending.

Councilwoman Sandy Annabi, D-2nd District, sits on the Section 108 Loan Committee and said that, in the two year's she's been on it, it only met once. She criticized the selection of loan recipients.

Kirven said the loan committee only met when there was a need to take action and that loan recipients are chosen based on their ability to repay the loans, which the city must make whole if there is a default.
