

NEIGHBORHOOD JOURNAL

## Foreclosure fallout hits businesses

Unable to tap home equity, Jamaica owners turn to forgotten program

**T**HE HIGH RATE of foreclosures in Jamaica and its surrounding neighborhoods in southeastern Queens is taking its toll on small business owners, many of whom use home equity loans for funding. With property values in the area slipping and banks dialing back on home equity lines of credit, that avenue has been largely shut off.

"Whenever there's one foreclosure, at least two or three more homes are affected by it," says Carlisle Towery, president of the Greater Jamaica Development Corp. "A vacant house being auctioned is not good for the neighbors, or for the neighbors' businesses."

That linkage is being felt at the Greater Jamaica Development Corp., where inquiries about the semi-dormant Capital Access loan program have soared, according to Director of Business Services Richard Werber.

Set up in the 1980s, the \$2 million fund occupied a corner of Mr. Werber's office. In recent years, Capital Access made just two or three loans annually, ranging from \$10,000 to \$300,000, to local firms trying to get established in the district. With interest rates pegged at prime, the program's loans are now much cheaper than the common alternative—credit cards or short-term lenders imposing charges that often exceed 25%.

Capital Access has been swamped this year, receiving more than 50 loan applications—more than it logged in the previous four years combined.

"What we're seeing is the combination of tight credit markets from traditional lenders at the same time these people's [home] equity is being reduced," Mr. Werber says. He has approved four loans so far this year and has two more pending.

The average recipient has five to 10 staffers and falls just short of qualifying for traditional loans. One such business, Toscano Clements Taylor Cost Consultants, just got \$300,000 from Capital Access.

After years with a construction-cost estimator, Kimberlee Toscano went out on her own in 2007. She had two solid clients and 10 employees but couldn't qualify for a loan—especially in Queens, the epicenter of the credit crisis. Ms. Toscano preferred to locate her business in the area because many of her workers live nearby.

—HILARY POTKEWITZ