



NEW YORK STATE SENATOR

Jeffrey D. Klein

## No More Home for the Holidays

JEFFREY D. KLEIN November 21, 2011

| ISSUE: **FORECLOSURE**



### **Sen. Klein, State, Citywide Officials & Advocates Call on State to Restore Critical Funding to Help New Yorkers Stay in Their Homes**

*New Data Shows 1,800+ NYC Homeowners Face Foreclosure with No Help This Thanksgiving*

**NEW YORK, NY** – State Senator Jeffrey D. Klein, (D-Bronx/ Westchester), was joined by state and citywide officials, as well as dozens of New York homeowners and advocacy groups today to push for the inclusion of new foreclosure counseling and legal defense funding in next year's budget.

Joining in this push were State Sens. Eric Adams, (D-Brooklyn), Adriano Espaillat (D- Manhattan/Bronx), Assemblymen Guillermo Linares, (D-Manhattan), and Franciso Moya, (D-Queens), and New York City Councilwoman Julissa Ferreras, (D-Queens).

Senator Klein also unveiled recent data showing that more than 1,800 New York City homeowners have just received notice that they will have to spend the holiday season fighting foreclosure without an advocate fighting on their behalf. These foreclosures alone could cost the city more than \$18 million in lost tax revenue and property value.

“Preventing foreclosures not only keeps hard-working New Yorkers in their homes now, but saves our neighborhoods from devastating ripple effects later,” Senator Klein said. “Property values go down, crime goes up, and our tax base shrinks with every boarded-up home in our community. We know that this will be another tough budget year - that's why we're starting this discussion early in order to help protect our neighborhoods and preserve the American dream across New York.”

The funding, made possible through the NYS Homes and Community Renewal agency, would continue programs that have serviced more than 80,000 New Yorkers, saved more than 14,000 homes, and prevented more than \$1.9 billion in lost property value and property tax revenue during the past two years. The programs have previously been funded with a two-year allotment of \$47 million in the 2009-2010 and 2010-2011 budgets. No funding was included in the final budget last year.

Advocates are seeking a \$25 million appropriation in the upcoming 2012-2013 budget.

Without the renewal of this funding, foreclosure prevention programs will be forced to cut 70 percent of their staff and reduce their ability to serve clients by 76 percent, according to the Empire Justice Center.

“Foreclosure prevention agencies offer vital services to our community by helping home owners develop sustainable solutions to retain their homes,” Senator Adams said. “While foreclosure adversely affects the individual homeowner, it also negatively impacts upon the community at large through property neglect and devaluation, increased violence, and family instability. Funding must be restored in the 2012-2013 budget for foreclosure prevention services.”

Additionally studies have shown that crime increases and property values go down in neighborhoods that have a foreclosed home on their block.

“Whether we are talking about preventing foreclosures for homeowners or rent increases for tenants, government must do everything in its power to keep New Yorkers in their homes,” said Senator Espaillat, the Ranking Member on the Senate Housing Committee. “The funding it will take to help homeowners avoid foreclosure is a drop in the bucket, compared to the devastating impact additional foreclosures would have on our economy. We must continue foreclosure counseling and legal defense funding, that has already helped keep a roof over thousands of families, and build a stronger, more prosperous state that works for all New Yorkers.”

A coalition of foreclosure counseling programs and legal services also participated in the press conference. These organizations include: Legal Services NYC – Bronx, the Empire Justice Center, the City Bar Justice Center, South Brooklyn Legal Services, New York Mortgage Coalition, Center for NYC Neighborhoods (CNYCN), The Legal Aid Society, Asian Americans for Equality, NYLAG, Queens Legal Services, Staten Island Legal Services, Neighborhood Housing Services, Westchester Residential Opportunities Inc., Legal Services NYC - Brooklyn, Parodneck Foundation, Long Island Housing Services Inc., and the Queens Volunteer Lawyers Project, Inc., among others.

"These services are essential to preserving New York's economic security and recovery," said Justin L. Haines, Director, Foreclosure Prevention Unit, Legal Services NYC - Bronx. "The banks' bad behavior including robo-signing bad ownership documents, dilatory delaying tactics, failing to file paperwork required by the courts to schedule settlement conferences for homeowners, and hiring foreclosure mill law firms that disregard the dignity and rights of homeowners is well documented. Preserving a home through loan modification requires a homeowner to navigate a fundamentally flawed labyrinth of bank ineptitude leading to multiple document submissions, contradictory notices, and wrongful denials. Homeowners need experienced and knowledgeable advocates. We seek not get someone to get a free home, but rather get banks to comply with program rules and state laws and regulations. Without the essential services we provide across the state through housing counselors and legal service providers, the consumer protections established over the past three years will be rendered meaningless. Unless this funding is restored to the budget, we can look forward to continued wrongful foreclosures, deeply underwater homes, loss of home values, erosion of local property tax bases, and increased homelessness."

More than 250,000 homes across New York State are either in foreclosure, or are about to be foreclosed upon, according to the Empire Justice Center.

According to the report released by Klein's office, more than 1,800 new foreclosure notices citywide have been filed during the last three months.

A borough by borough breakdown is below:

(September - November 2011)

| Borough       | Foreclosure Filings | Average Property Taxes | Total Potential Property Tax Loss | Surrounding Property Value Losses |
|---------------|---------------------|------------------------|-----------------------------------|-----------------------------------|
| Bronx         | 257                 | \$2,191                | \$563,087                         | \$1,927,500                       |
| Queens        | 454                 | \$2,609                | \$1,184,486                       | \$3,405,000                       |
| Staten Island | 204                 | \$2,655                | \$541,620                         | \$1,530,000                       |
| Brooklyn      | 831                 | \$2,580                | \$2,143,980                       | \$6,232,500                       |
| New York      | 57                  | \$3,921                | \$223,497                         | \$427,500                         |
| TOTAL         | 1803                | Average \$2,791        | \$4,656,670                       | \$13,522,500                      |

“Restoring this funding will not only help individual homeowners in crisis, it will also save communities from the compounded effects of this continuing foreclosure crisis,” Senator Diane J. Savino, (D-Staten Island/ Brooklyn), said. “While we know that dollars will be scarce during this next budget cycle, refunding these programs will be a down payment on protecting our neighborhoods and putting New York back on the right track.”

Mehmet Israfil of the Bronx, was unemployed for two years and underemployed for one. During that time he unsuccessfully sought to get a loan modification that would allow him to stay in his home. It was only after he retained the services of an attorney and paralegal from Legal Services NYC – Bronx, did he finally receive a permanent modification that reduced his payment by \$500 per month.

"I urgently and forcefully make a request for the Governor to use his good offices to help and to continue funding foreclosure prevention services," Israfil said. "Banks have received billions in help. Now, we need to continue helping homeowners."

Rhonda Carter of Jamaica, Queens, is a client of MFY Legal Services.

"It is impossible for an ordinary citizen to cut through the red tape and bureaucracy to negotiate a loan modification," Carter said. "I am terrified about what will happen to me and to my home if I lose my legal services lawyer and housing counselor."