

**Testimony Before the New York State Senate Finance Committee
and New York State Assembly Committee on Ways and Means:
Regarding the New York State Executive Budget for Housing, Fiscal Year 2020-2021**

February 5, 2020

Good morning. My name is Christie Peale, and I am the Executive Director and CEO of the Center for NYC Neighborhoods. I would like to thank Committee Chairs Krueger, Weinstein, Kavanagh and Cymbrowitz for holding today's hearing on the housing-related proposals in the Governor's Fiscal Year 2020-2021 Executive Budget.

About the Center for NYC Neighborhoods

The Center promotes and protects affordable homeownership in New York so that middle- and working-class families are able to build strong, thriving communities. Established by public and private partners, the Center meets the diverse needs of homeowners throughout New York State by offering free, high-quality housing services. Since our founding in 2008, our network has assisted over 148,500 homeowners. We have provided more than \$33 million in direct grants to community-based partners, and we have been able to leverage this funding to oversee another \$30 million in indirect funding support.

About HOPP

The Center is a proud member of the Homeowner Protection Program (HOPP) funding campaign to preserve foreclosure prevention services in New York State. The HOPP network partners are the only non-profit services available in New York State to help distressed homeowners. Services are currently provided by 89 non-profit housing counseling and legal services programs in every county of New York state, and we seek to preserve the \$20 million in annual funding for homeowner services statewide. Since 2012, HOPP grantees have served an average of 15,833 New York families per year, at an average cost of just \$1,263 per family. These services keep New York families in their homes, protect New York communities from the blight of vacant and abandoned homes, and help municipalities avoid tax foreclosure. The cost of funding HOPP for a year pales in comparison to the amount of money it saves the state--from providing social support for families forced to leave their homes to diminished tax revenues that follow a foreclosure.

HOPP funding allows organizations from Long Island to Buffalo to continue providing services to homeowners in need that promote strong and healthy communities. This will be accomplished by advancing solutions and services in the following areas:

- Providing high-quality housing counseling and legal services to New Yorkers at risk of losing their homes to mortgage, reverse mortgage, or tax foreclosure;
- Stemming the flow of zombie properties that destabilize neighborhoods;
- Stopping property scammers from stealing people's homes; and
- Supporting the state's seniors during reverse mortgage foreclosure settlement conferences, a growing problem for aging homeowners.

Funding for Homeowners in the 2020-2021 Executive Budget

We are disappointed and deeply concerned that the 2020-2021 Executive Budget does not include funding for HOPP. While foreclosure prevention services were once funded through the State Budget and administered by the Department of Homes and Community Renewal, since 2011 the program has been funded and separately administered through the use of one-time settlements with financial institutions. This funding has been exhausted and there is no possibility to use additional settlement funding for the program due to state law changes regarding how Attorney General settlements can be spent. The funding will end on March 31, and many organizations will immediately need to lay staff off and cut services. The short timeframe will make it extremely difficult for nonprofits and employees to make plans to serve homeowners from April 1 and beyond. The inclusion of this funding in the Executive Budget by way of the 30-day amendment will go a long way towards reassuring our network and the families we serve that New York State stands with homeowners. We urge the Governor to include the funding in the 30-day technical amendments and we ask legislators to support the campaign by encouraging leadership to make the funding a conference priority as well as by requesting its inclusion in the technical amendments.

Funding Cliff Looms for New York Homeowners and their Communities

Continued funding is crucial to ensure that New Yorkers fighting to keep their homes do not get cut off from their attorneys and housing counselors, and that robust services continue to meet the emerging needs of homeowners, such as the recent spike in reverse mortgage foreclosures. Under its previous funding, our housing counselors and attorneys have helped over 100,000 New Yorkers and prevented 22,500 foreclosures statewide since the program began in 2012. Our services are highly cost-effective, at just over \$5,000 per foreclosure averted. By comparison, it costs about \$5,000 per month for a family in a NYC homeless shelter.

Unfortunately, funding for these services will end in March 2020 if the Governor and Legislature do not take action. We conducted a statewide survey to determine what would happen if the Homeowner Protection Program funding ends: two-thirds of the state's foreclosure prevention program capacity would disappear overnight, with greater reductions in staff anticipated over the following year. Twenty-eight programs would be forced to close entirely, while another 26 would be limited to one or fewer full-time equivalent staff. The impacts will be particularly strong in certain regions of the state. For example, Nassau and Suffolk counties on Long Island have the largest numbers of foreclosures in New York state; yet programs serving these counties would suffer an 87% reduction in full-time equivalent staff. In Central New York, 11 counties would lose all foreclosure prevention staff, leaving families with no one to help them — and no programs to refer them to.¹

The potential funding cliff comes at a time when tens of thousands of New York homeowners and their communities are still struggling with the devastation caused by the dramatic increase in foreclosures

¹ These counties are Broome, Chenango, Cortland, Hamilton, Herkimer, Jefferson, Lewis, Madison, Oneida, Oswego, and Otsego.

since the 2008 financial crisis. Unfortunately, foreclosures are still at crisis levels. In 2019, there were 22,437 new foreclosure cases filed in New York and the percentage of seriously delinquent mortgage borrowers in New York significantly exceeds the national figure: 1.8% to 1.3%.²

Testimonials from Homeowners Served by HOPP

We know that the services provided through HOPP are vital to the housing stability of thousands of families throughout New York. Here are some stories of how effective and critical your intervention will be to keep this funding for families across New York:

Mr. N on Long Island: “I lost my job in 2007 and was unemployed for many years even though I have a BS in Computer Science. I was able to obtain a part-time job as a waiter and my wife worked two minimum wage jobs to pay the household expenses. Our income was not enough to cover our expenses and we exhausted our savings and retirement accounts. The mortgage was paid off, but I couldn’t pay the full property tax obligations. Suffolk County notified us that they would take ownership of our property within the next four weeks unless we were able to pay \$68,000. I came to the counseling with my wife and we were able to keep our home.”

Homeowner in Western NY: “I fell behind after my teenage son suffered a brain hemorrhage. I tried several times to work with the bank to modify my mortgage, but was turned down every time. Once I started to work with the Center for Elder Law & Justice they were able to persuade the bank to modify my loan so I can get back on track. Now I can keep my house and make sure my son is taken care of.”

Mr. M in the Bronx: “My wife and I were unable to pay our mortgage and faced foreclosure. Due to our unique situation, our applications for modification were denied multiple times. It was only with the help of Bronx Legal Services that my family’s circumstances were accurately evaluated and our loan modification approved. Now, I am current on my mortgage and my family’s home is no longer in danger of being lost.”

Mr. M in Buffalo: “My son’s mother passed away in 2016 after she was murdered. I was left without her social security. All I had was my disability income. My father had also passed away around the same time. I was living in his house and I couldn’t afford it. I couldn’t pay and I was going to lose my home. I had a 13 year old kid and I didn’t want to move. I ended up working with Belmont Housing. Now, I get to keep my son in his high school. It was a hugely difficult time and very overwhelming. This program saves families.”

Without continued funding for the HOPP program, New York families like the ones mentioned here will find themselves without services. It’s likely that they will be unable to navigate the complicated foreclosure process on their own and lose their homes. Prior to the State’s investment in HOPP, nearly 90% of all foreclosure cases ended in a default judgment against the homeowner. Since 2012, the majority of homeowners have had representation at mandatory settlement conferences, and the

² Office of Court Administration; Federal Reserve Bank of New York

default rate has fallen from 90% to less than 20%. We can't go back to that unacceptable situation. Given the losses associated with foreclosure, the HOPP program continues to be a wise investment and low cost alternative for New York State. Allowing a budget to pass that abandons the State's investment in this program makes no business sense, and will send a message to New York's struggling homeowners that the State is abandoning them.

For these reasons, we urge the Legislature and the Governor to take the much-needed step of funding HOPP for the 2020-2021 state budget.

Thank you for the opportunity to testify and for your support of these critical services.