

NEW YORK  
STATE  
SENATE

ALBANY, NEW YORK 12247



SENATOR JOSÉ R. PERALTA

13TH DISTRICT

MINORITY WHIP  
RANKING MINORITY MEMBER  
ON LABOR

COMMITTEES:

CRIME VICTIMS, CRIME  
& CORRECTION

FINANCE

INSURANCE

INVESTIGATIONS AND GOVERNMENT OPERATIONS

MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES

MEMBER:

NYS BLACK, PUERTO RICAN, HISPANIC & ASIAN CAUCUS

October 27, 2011

The Honorable Andrew M. Cuomo  
Governor of New York State  
NYS State Capitol Building  
Albany, NY 12224

**Re: The New York State Foreclosure Prevention Services Program**

Dear Governor Cuomo:

I am writing to respectfully request that you include \$25 million in the 2012-13 Executive Budget to support the continuation of New York's Foreclosure Prevention Services Program, which has been funded through New York State Homes and Community Renewal since 2008.

The housing counseling and legal assistance funded through this program and provided by Neighborhood Housing Services of Northern Queens and Queens Legal Services, among others, to homeowners in my district have been an incredible asset. Working with homeowners, knowledgeable and well-trained staff members of these organizations have been able to help stabilize families, neighborhoods and local economies by using their skills to negotiate with banks to achieve the best possible outcomes.

Queens has consistently been at or near the top of the list of counties in the state hardest hit by the foreclosure crisis. And the crisis is not subsiding. A recent study conducted by the New York Federal Reserve Bank shows that 1 in 9 home mortgages in Queens are seriously delinquent (90+ days late or in foreclosure).<sup>1</sup> My district encompasses some of the Queens neighborhoods that have been hit particularly hard by this crisis; 10 percent of homeowners in Jackson Heights are currently 90+ days delinquent on their mortgage or in foreclosure, and that number rises to 15 percent for East Elmhurst and almost 20 percent for Corona.<sup>2</sup>

Continued access to housing counseling and legal assistance will improve the chances that these homes can be saved. Indeed, direct services for homeowners are proven to be successful at keeping families in their homes. Four recent studies conducted by the Joint Center

<sup>1</sup> Federal Reserve Bank of New York, *Regional Mortgage Briefs (Queens)*, June 27, 2011, available at <http://www.newyorkfed.org/regionalmortgages/queens.html>.

<sup>2</sup> *Id.*

for Housing Studies of Harvard University found that housing counseling increases the likelihood that homeowners will be granted a loan modification by 200 percent and that counseled borrowers received more favorable terms on their loan modifications (on average lowered by \$110 in monthly payments and 5 basis points interest rate). Similarly, legal representation at the mandatory settlement conferences helps to level the playing field for homeowners. The banks they are negotiating with are always represented by an attorney. When homeowners are also represented, the process is fairer, more efficient and ultimately more successful in achieving the best possible outcome.

Furthermore, investing in foreclosure prevention saves money. Our communities are severely impacted by the secondary effects of foreclosed and abandoned homes, including lost tax revenues and declining home values. Violent crime increases about 2.0 percent in a block if one house goes into foreclosure and by 5.7 percent if a second home is foreclosed.<sup>3</sup> It is estimated that more than 35,000 children in New York City alone face the trauma and disruption of foreclosure and potential homelessness.<sup>4</sup> Finally, the availability of affordable rental housing is negatively impacted when homes are lost to foreclosure, as displaced homeowners strain the rental market and as affordable rental units in foreclosed properties are no longer available.

I am painfully aware of the intense and competing demands you face in developing your Executive Budget in the current economic environment. However, I fear that the economic impact of the loss of our state's foreclosure assistance program would be absolutely devastating. Again, I respectfully urge you to commit to the continuation and funding of the program and stand ready to provide you with any additional information you may need to do so.

Thank you,



Jose R. Peralta  
New York State Senator, 13<sup>th</sup> District

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<sup>3</sup> New York University, *Do Foreclosures Cause Crime?*, June 2011, available at [http://furmancenter.org/files/publications/Ellen\\_Lacoe\\_Sharygin\\_ForeclosuresCrime\\_June27.pdf](http://furmancenter.org/files/publications/Ellen_Lacoe_Sharygin_ForeclosuresCrime_June27.pdf).

<sup>4</sup> New York University, *Foreclosure and Kids: Does Losing Your Home Mean Losing Your School?*, February 2011, available at [http://furmancenter.org/files/publications/OSI\\_Policy\\_Brief\\_\\_FINAL.pdf](http://furmancenter.org/files/publications/OSI_Policy_Brief__FINAL.pdf).